

NEW HOMES

— america —

The RELOGROUP
Total Home Finding & Relocation Services
New Homes ♦ Resale Homes

Buying a home is one of the most important investments you will ever make.

Over the next few weeks or months, you will be asked to make a great many important decisions. Often you will be asked to make them very quickly or with seemingly very little information. The following pages are designed to help take some of the guesswork out of those decisions.

All your home needs in ONE STOP Shopping

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What does an agent do?

You should understand right from the start what type of relationship exists between you and the agents you deal with. Real estate agents - brokers and sales associates - in the state of Georgia are required by law to let consumers know whether they are representing the buyer or the seller.

Today's real estate market has introduced new ways for real estate agents to work with buyers and sellers. Now consumers have choices. If you want to sell a home, you can engage a real estate agent who is a "seller's agent." If you buy a home, you will probably work with a "Seller's Agent (such as the Builder's onsite agent)," a "Buyer's Agent," a "Transaction Agent," or a "Dual Agent."

Can using the right agent save time & money?

Absolutely!

Remember –If you choose to have representation, make sure that the agent you select is qualified to act as a Buyer's Agent. You must *request* your agent to represent you. Without an agreement, your agent is required to act simply as a transaction agent.

Georgia State law prohibits Broker from representing a Buyer as a client without first entering into a written agreement with Buyer under O.C.G.A. 10-6A-1 rt. Seq.

To comply with this requirement, all customers are requested to review & sign either:

1. Exclusive Buyer Brokerage Agreement
- Or*
2. Customer Acknowledgment Agreement

Questions to ask a potential Buyer's Agent:

- What price ranges and towns or areas are your “specialty”?
- How much time can you devote to me when I visit your area to view homes?
- How many years have you been in real estate?
- How many buyers have you assisted in purchasing a home in the last six months?
- What is your average transaction price?
- If I build a new house, what do you know about local builders and construction quality and techniques?
- Do you work alone or do you have a support team?
- Will you furnish a list of past buyer clients I can contact for references?
- Will you provide and assist in analyzing comparable properties?
- What protective clauses would you suggest in offers to purchase a home?
- After successfully negotiating an offer purchase how regularly will you be in contact with me to keep me informed of progress toward closing?
- What is your fee structure?
- Are you normally able to obtain your total fee from the seller or FSBO?
- Will you inform me if you are not able to obtain the fee from the seller prior to writing an offer?

Mortgages

Most homes today are purchased with mortgage loans. When you borrow on a home you are committing yourself to a note and a mortgage. The note is a personal obligation to repay the loan on a timely basis. The mortgage pledges the home as security to the loan.

Just as house plans offer different options for growing families, so do mortgage plans. No plan is perfect for everyone!

Pre-Approval

The first step in securing a loan for your new home is pre-approval. This not only assures the prospective seller or builder that you are serious about purchasing a home, but allows you to know exactly what price (range) home will give you a payment plan you will be comfortable with.

Don't confuse pre-approval with prequalification: The latter is a non-binding estimate of how much mortgage you can afford.

Types of mortgages

Fixed Rate Mortgages enable you to secure a constant fixed interest rate throughout the life of the loan. These plans come in 15, 20 and 30 year terms and are the most common when interest rates are low.

Adjustable Rate Mortgages (ARMs) feature an interest rate that is secured for a specified period of time then moves up and down with an established index. Often, ARMS enable you to qualify for a larger loan amount, and pay the lowest rates available today!

Government Insured Loans are offered by the Federal Housing Administration (FHA) and the Veterans Administration (VA). If you qualify, these loans offer very low down payments. The FHA and VA offer fixed and buy-down programs that are ideal for first time homebuyers.

Why Buy New?

1. Favorable Pricing

Competition among homebuilders makes new homes less likely to be overpriced. New homes are easy to compare with other new homes in the market equating value to value. The homes are the same age and options are declared up front with a price breakdown for comparative shopping. It's very common, in Atlanta, to find lower pricing on new homes than 2 or 3 year old resales of the same plan in the same area.

2. Simplified Financing

Securing financing is the major obstacle to home ownership. Most homebuilders have done the leg work for you, assigning only the most reliable and competitive mortgage companies to their list of "preferred lenders". Homebuilders include a contribution toward closing costs in the price of their homes, if we use their preferred lender(s). Often, long term interest rate locks are possible on new construction only.

3. New Home Warranties

New home buyers are assured of at least a one year warranty on the home itself (several of Atlanta's top builders to offer 2 years and even 5 years) and most likely five years on major appliances, including air conditioning and heating systems. Many of today's homebuilders extend structural warranties to a full ten years underwritten by insurance companies.

4. Modern Appliances

Appliance manufacturers introduce new models every year and homebuilders are able to offer the latest state-of-the-art equipment at the time of completing a new home. And, because the homebuilder buys for his entire production of new homes his purchasing power can reduce the cost to the buyer.

5. Homesite Selection

Location, location, location. Being able to select the "just right homesite" is almost as important as choosing the proper home to fit the buyer's lifestyle. Developers and homebuilders offer a wide selection of sites including golf course locations, waterfront, rural acreage and more.

6. Floorplan Options

Builders of new homes offer a wide variety of functional floorplans to fit your lifestyle. If you have a home built, you can have the plan you want on the lot you want. What could be easier? You can even have the front elevation (look) you want - within builders guidelines - be it a front porch, or bay windows, etc. If it's not an "inventory home" custom homebuilders also offer the opportunity to either eliminate or add rooms, upgrade materials, include special architectural features and generally customize the home.

7. Latest Materials

Low maintenance is one of the most important features of the new homes being built today. New technology in building materials has made the homes of the 21st century better and better as the years go by. Vinyl windows, for example, are a great improvement over aluminum or wood windows, structured wiring meets today's high tech demands within the home, and Hardi Plank siding has a 40 to 50 year warranty against deterioration. There's a long list of material improvements we would be happy to demonstrate to you.

8. Choice of Finishing

With a new home it's possible for the buyer to be the decorator before moving in. Choices of carpet, wall coverings, paint color, lighting fixtures (except production builders), window treatments, etc. enables the new home owners to live with their personal selections and not be restricted by the taste of previous owners.

9. Energy Efficiency

A new home built today is required by law to meet stricter energy codes than homes built in the past when codes didn't exist or were much more lenient. Many homebuilders use materials that are designed to exceed the strict limits to produce future savings for the owner. An interesting new concept is called Earthcraft.

10. Lower Maintenance

It is a given that all manufactured products have an expected lifespan. Daily use, weather and quality of care all play a role in longevity. Buying a new home eases the nagging question of "How long before it breaks down?" With a new home the answer is simply, a substantially longer period.

House Hunting Rules to Remember

These eight tips can help make your house-hunting experience positive and rewarding.

- 1. Location counts** - Location is crucial. How far are you really willing to commute to your place of employment? How good are the local schools, shopping centers, public transportation, seniors' services and other public amenities?
- 2. Make a list** - Do you really know what you need and want in your home?
- 3. Do your homework** – Look for information on the Web, at local seminars, or through your REALTOR®. Get educated.
- 4. Get pre-approved for a mortgage.**
- 5. Use a checklist.**
- 6. Wear comfortable clothing and sturdy shoes.**
- 7. Be prepared to make an offer.**
- 8. Relax**

From Contract to Closing

THE CLOSING PROCESS

1. Purchaser makes application for loan
2. Loan Application is submitted.
3. Lender orders Appraisal on property.
4. Appraisal received and loan is approved subject to credit approval of purchaser.
5. Lender orders Credit Report, Verification of Employment (VOE), Verification of Deposit (VOD) on purchaser.
6. Credit Report, VOE, VOD, received, Credit is approved, Purchaser and Broker are notified.
7. Loan application and documents are sent to lender's attorney for title examination.
8. Title is examined, completed, approved. Pay-off figures are requested on seller's loan for preparation of closing statement.
9. Date for transfer of title is coordinated between Purchaser, Seller, Brokers, and Attorney, and a date is set for the closing.
10. Closing and transfer of title.

The TEN STEP procedure outlined above AVERAGES in minimum time: 30 days for Conventional loans, 45-60 days for FHA and VA loans.

Prepare Yourself for Closing

Know exactly what's involved for a smooth finish

The process of closing a home loan differs across the country. However, there are common elements of this process. Knowing what to expect and being prepared will make the closing an event you look forward to, rather than one to dread.

1. Set the Closing Date: Not all closing dates are equal. Make sure to set a date that's in your best interest. Some things to consider:

- Does it give you enough time to prepare your move?
- Is it near the end of your lease so you won't pay unnecessary rent?
- Are there tax implications (if it falls at year's end, would you be better off pushing it to January)?

Closings must be coordinated with many parties that may include the seller, the lender, yourself, the seller's mortgage holder, respective attorneys, the real estate agent, the transfer agent (if it's a co-op), the managing agent (if it's a condo) and the title company representative.

2. Select a Closing Agent: A third-party agent is needed to prepare the required documents, disburse the funds and activate the transfer of ownership. The attorney, the escrow agent, the title company or a professional closing agent can act in your behalf. **This process can vary widely from state to state.** Check with your agent and lender to know which method you will be using.

3. Title Search and Insurance: Title insurance companies review the history of your new home's ownership to insure that no one else has claims on your property. Title insurance is required because it protects you and your lender against loss resulting from a title dispute.

4. Property Survey: Sometimes title insurance companies require a survey of the property to verify zoning location and boundaries.

5. Homeowner's Insurance: Most lenders require this. It protects your home and its contents from fire, theft and most disasters. Sometimes additional hazard and/or flood insurance is required.

6. The Final Walk-Through: This is your last chance to inspect your new premises and make sure that the seller has completed all repairs and met the conditions specified in the purchase contract.

7. Rate Lock: Often, you may select to lock in an interest rate at the time of your mortgage commitment and lower it before closing if market conditions change for a nominal fee. Some lenders allow you to lock in your rate anytime from application up until five business days before your scheduled closing.

8. Good Faith Estimate: Before your closing, your lender will give you a final "Good Faith Estimate of Settlement Costs" to help you prepare for the closing.

9. Last-Minute Detail Check: A few days before the closing, you'll want to finalize all details with your closing agent.

- **Closing costs and escrow amounts:** Your Good Faith Estimate may not include all closing costs such as interim interest or property taxes. Finalize actual costs at this time with your closing agent to avoid last-minute surprises.
- **Acceptable method of payment:** In most cases, certified or cashier's checks must be prepared in advance.
- **Miscellaneous items:** Some counties require photo ID, evidence of hazard or flood insurance or other miscellaneous documents. This is the time to gather any ID and miscellaneous paperwork that may be required at closing.

Inspections

Georgians enjoy little state protection when buying a new home. Hiring a private inspector and paying careful attention to the construction process can save you from costly or even dangerous damage. Here are potential trouble spots to watch for:

- > Beams, joists and posts should be large enough to support loads. Undersized beams and joists can lead to sags in floors and ceilings.
- > Brick or stone chimneys that are not properly supported by heavy framing may crack, lean or twist on the roof.
- > The ledger board, or deck band, of the deck should be bolted to the house framing to prevent the deck from pulling away. The deck joists should be attached with metal joist hangers.
- > Deck footings should be wide and deep enough -- at least 12 inches below grade -- to support the weight of the deck.
- > Footings placed on improperly compacted soil can cause cracking of slabs, foundation walls, garages and driveways.
- > Poorly designed or undersized retaining walls or their footings may cause the wall to move or crumble because of pressure from fill dirt.
- > Construction debris buried on site can create problems with water and termites. In extreme cases, sinkholes can appear.
- > Fill dirt should be properly compacted to prevent slabs from cracking as the dirt settles.
- > Walls should be properly strapped or bolted down to protect the home during extremely high winds.
- > Roof rafters should meet flush and the roof should be properly braced with horizontal supports called purlins.

Choose your inspector carefully. Make sure they have at least some experience in construction, and are CABO Certified.

New Construction Walk-Through Check List

Exterior Grounds & Site Improvements

1. Completed Grading
2. Overhanging Trees
3. Driveways and walks slope away from house
4. Completed landscaping, seeding/sodding, retaining walls, drainage

Roofing

1. Shingles appear flat
2. Gutters and downspouts shed water away from house

Home Exterior

1. Front door open, close & lock
2. Siding installed straight
3. Trim fit
4. Completed paint
5. Weather-stripping in place

Interior

1. Even paint
2. Paint, wallpaper, wood trim finish
3. Door & window operation

4. Loose floor boards
5. Smooth vinyl & hardwoods
6. Carpet tight – nails flattened
7. Smooth walls & ceilings
8. Loose or cracked ceramic tile
9. Fireplace damper

Electrical/Mechanical

1. Lights & sockets
2. Heating & cooling match contract
3. Leaks in duct work
4. Correct size water heater
5. Correct plumbing fixtures
6. Water leaks

Structural

1. Obvious bows in walls, floors or ceilings
2. Foundation cracks
3. Defective structural components: beams, columns, rafters etc.

Kitchen/Appliances

1. Correct model & finish appliances
2. Dishwasher turned on (if water is on)
3. Sinks drain, toilets flush

Obtain all warranty information including the builder's warranty, and extended structural warranties, and all applicable material warranties.

Many of the above items will be addressed by your inspector and/or your Buyer's Agent. When purchasing new construction, make sure your agent is a New Home Specialist

Some Good Hints for Buyers

- Do not focus excessively on the list price of a resale home. It is usually negotiable.
- Do not expect the builder of a new home to negotiate.
- Do not put too much emphasis on being in a certain neighborhood or school district. There often are excellent alternatives.
- Do not be seduced by a house that is aesthetically pleasing and in top condition but does not really meet your needs in terms of the space it provides.
- Do not let minor cosmetic issues, such as worn carpeting, damaged counter tops, or the need for fresh paint, distract from the purchase of a potentially great older house.
- Do not ignore the need for adequate storage space.
- Do not appear to be too enthusiastic about a house in the presence of its owner or the listing agent.
- Before buying a home near undeveloped land, experts say you should first:
 - a) Check the county or city zoning map at your local courthouse or city hall.
 - b) If you are thinking of buying in an unincorporated area, check the zoning and future land use maps of the nearest municipality. The city limits may be closer than you think.
 - c) Check a service such as www.nearmyhome.com for a map of possible hazards near your address.
 - d) Consider using a buyer's agent to represent you in a real estate transaction and stipulate that checking area zoning is part of the contract.
 - e) Consider hiring a real estate attorney to check courthouse records on your behalf.

FILING FOR HOMESTEAD EXEMPTION

The Homestead Exemption is available to legal residents of Georgia for their primary homes. You are able to claim a partial exemption, which can amount to a substantial property tax savings. File with your county tax office. You are entitled to the Homestead Exemption if you owned and occupied your home by January 1.

WHAT YOU NEED IN ORDER TO FILE: A copy of the recorded warranty deed, Social Security numbers of all persons on the deed, the mortgage holder, and the amount of the mortgage.
NOTE: Some counties may require a copy of the closing statement.

The 9 Steps to Buying a Home

1. Are You Ready

Do You Know What You Want?

Do You Have The Money?

Is Your Financial House in Order?

2. Get Preapproved

3. Get a REALTOR®

5. Choose a Home

What are you looking for?

Is it THE house?

Can you really afford it?

6. Get Funding

What kind of loan?

Where will you get a loan?

7. Make an Offer

How much?

How many inspections will you do?

8. Get Insurance

What kind and how much?

9. Closing

For more in depth information, please attend one of our seminars, held monthly at our New Home Showroom in Alpharetta, GA. Each seminar lasts about 2 hours.

Additional topics will include:

- Types of agents / agency
- Contracts
- Types of Mortgages
- How to choose a Lender
- Types of inspections
- How to select an inspector
- What really happens at closing
- Title insurance
- Check lists for: house hunting, preparing for closing, preparing to move