

ENGEL & VÖLKERS®  
ROBERTO "BETO" MONTANO

# THE ULTIMATE GUIDE TO BUYING YOUR FIRST HOME



# WELCOME HOME!

Buying your first home is exciting and life-changing. You're about to make what is likely the biggest financial decision of your life, and we're here to help you every step of the way.

## HOW THIS GUIDE WORKS

**Roberto Montano Group's Ultimate Guide to Buying Your First Home** is designed to simplify what can be a daunting, complex process.

We'll break down each step by answering two simple questions:

What is it?

What do I need to do right now?

You can read our Guide front to back and get an overview of the whole experience. Or you can pick it up at each section as you arrive at that stage of the process. Use the Table of Contents to find what you need.

Either way you use this Guide, we hope you find it helpful on your homebuying journey.

**GOOD LUCK!**

# **STEPS TO BUYING YOUR FIRST HOME**

## **ARE YOU READY TO BUY A HOME?**

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Being prepared emotionally

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## **SECURING FINANCING**

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## **CLOSING ON YOUR NEW HOME AND MOVING IN**

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## **CONGRATULATIONS, HOMEOWNER!**

# STEPS TO BUYING YOUR **FIRST HOME**

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- Answer the emails and DMs
- Make sure you're mentally and emotionally ready
- Choose a real estate agent you trust
- Decide what kind of home you want
- Make an offer
- Adjust your offer if the inspector finds issues
- Choose a lender and the loan type that works for you
- Apply for a loan
- Find homeowners insurance
- Close on the loan
- Get your keys
- Move in!

Find out all the details to each of these steps inside our Guide.

# ARE YOU READY TO BUY A HOME?

While you might be anxious to finally grab those keys and make a home your own, first ask yourself if you're ready.

That's not simply a question about your finances, though obviously that's a big part of it. It's also being mentally ready for the responsibility of owning a home.



# BEING PREPARED FINANCIALLY





## WHAT IT IS

### Do you know what you can and can't afford?

Once you've done the necessary prep work, you'll know what your monthly budget would look like once you stop paying rent and start paying a monthly mortgage, plus all the expenses that will be your responsibility as a homeowner.

## WHAT YOU NEED TO DO

Calculate your monthly budget

### Step 1. Add up your monthly finances

Take your after-tax earnings (called disposable income), add up your payments and outgoing costs (living expenses), subtract the latter from the former, and voila! This shiny new dollar figure (discretionary income) is a good start to figure out what you can afford.

### Step 2. Figure your housing expenses

Instead of paying rent, you'll be paying a mortgage. There are more monthly expenses you'll need to account for, like property taxes and homeowner's insurance. Figure out how much you'll spend on housing each month with Engle and Volker's mortgage calculator at <https://www.engelvoelkers.com/de/en/finance/home-affordability-calculator#AffordabilityCalculator>

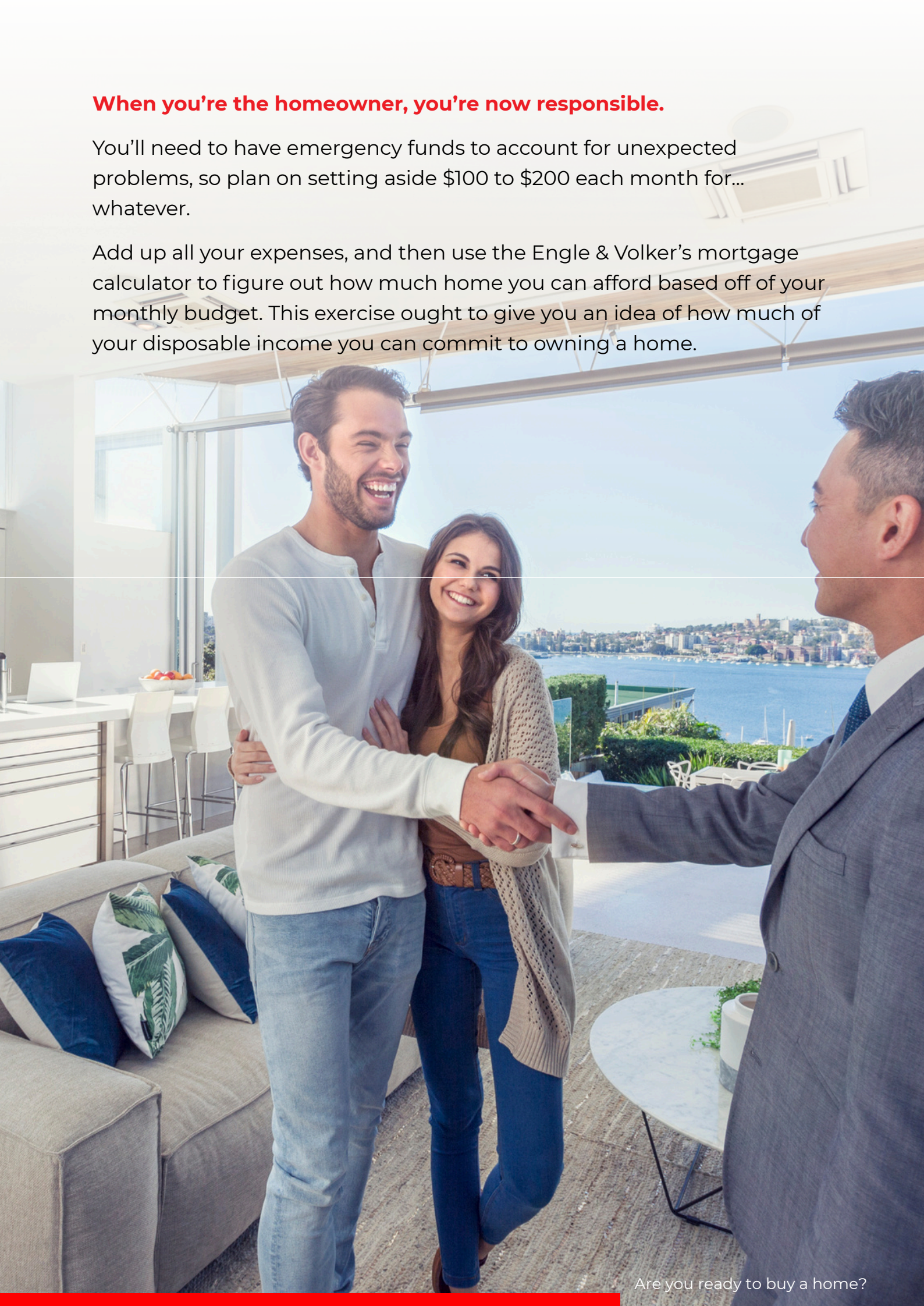
### Step 3. Add in the extras

You're already aware that you'll need to budget for your home's gas, electric and water. But owning a home comes with expenses that you've never had to worry about. As a renter, it's a pain when water pipes burst, the A/C goes out or the roof starts leaking, and any other mishap occurs—but it's your landlord who deals with them.

**When you're the homeowner, you're now responsible.**

You'll need to have emergency funds to account for unexpected problems, so plan on setting aside \$100 to \$200 each month for... whatever.

Add up all your expenses, and then use the Engle & Volker's mortgage calculator to figure out how much home you can afford based off of your monthly budget. This exercise ought to give you an idea of how much of your disposable income you can commit to owning a home.



Are you ready to buy a home?

# BEING EMOTIONALLY **PREPARED**





## WHAT IT IS

There are many reasons to buy a home, but since this is the biggest financial decision that you've likely ever made, you want to make sure you're buying for the right reasons and that you're prepared for the responsibilities of homeownership.

## WHAT YOU NEED TO DO

### **Embrace the benefits of homeownership**

While renting might be the right choice sometimes, over the long-term, homeownership offers benefits you can't find anywhere else, like:

### **Never throwing away money on rent**

Your monthly mortgage payments actually help strengthen your financial future. As you steadily pay down your mortgage, you also buildup home equity.

### **Enjoying fixed housing expenses**

If you opt for a fixed-rate mortgage (more on this later), you can rest easy knowing that your costs will remain the same for years, maybe decades.

### **Personalize your property**

Being a homeowner means you have the freedom to create a home that reflects your unique taste and preferences, and are free to paint, landscape and renovate.

### **Potential tax benefits**

While eligibility for tax benefits vary, homeowners can sometimes deduct the interest they pay on their mortgages and their property taxes up to a certain amount.

### **Putting down roots in a community**

Buying a home helps you connect to a specific neighborhood and community. Volunteer in community organizations, sponsor block parties, get involved at school... Anything you do to benefit your community can also indirectly help raise your home's value.



## **Be prepared for the responsibility.**

As a homeowner, you're in charge of the upkeep of your property and fixing anything that breaks.

That includes daily, weekly, monthly and yearly maintenance inside and outside of your home. You don't need to be a skilled handyman, but you do need to be a problem solver and stay ahead of issues before they become problems.



Are you ready to buy a home?

# SEARCHING FOR A HOME

Ready to buy a home  
now? Let's get started.



# FIRST, GET PRE-APPROVED



## PRE-APPROVAL CHECKLIST

These are the primary documents you'll need for a pre-approval:

- Tax returns
- Copies of W-2s (or 1099s for independent contractors, freelancers and the self-employed)
- Payroll stubs
- Bank statements
- Loan obligations like student and auto loans and credit cards



### WHAT IT IS

Pre-approval is a game-changer. It is a letter from a lender saying that they have evaluated your finances and are tentatively willing to lend to you. It shows sellers you mean business. You've done your research; you know your budget and you're ready to plunk down some serious cash on a brand-new home.

More than that, a pre-approval shows a seller that you've spoken with a lender and you have a crystal clear idea of the loan you'll likely be approved for.

### WHAT YOU NEED TO DO

For most lenders you can start either with an online application or speak to a loan officer.

An official mortgage application will supply your lender with the necessary documentation to perform an extensive check on your financial background and current credit rating.

Online mortgage applications make the collection of this information simple and seamless. If you haven't found a home yet and the application is asking for details about the property, you can probably leave that blank.

Pre-approvals come with an expiration date, usually 60 to 90 days after being issued. You can also ask your loan officer if you can lock your rate in case mortgage rates increase while you're shopping. That lock can last anywhere from 15 to 60 days.



## PowerBid Approval from Engle & Volkers\*

The basic formula of pre-approval remains similar from lender to lender. A lender reviews your credit report and financial information to determine your approved loan amount.

But to compete in today's tight real estate market, you need every advantage you can get to stand out. With a PowerBid Approval from Citywide, you'll have the homebuying horsepower you need to outbid the competition and compete with cash buyers.

### PowerBid Approval offers you:

- **Speed**  
24-hour turnaround means you can become a power buyer overnight.
- **Strength**  
Full-underwriting commands respect and helps you compete with cash buyers.
- **Flexibility**  
Renewable and lasts for 90 days, giving you time to find the home right for you.

### What about pre-qualification?

Pre-qualification doesn't carry the same authority as pre-approval. To get pre-qualified, a lender usually only evaluates your debt, income and assets to give you an estimate for how much you'd likely to be approved.

This quick procedure doesn't include an analysis of your credit report, an in-depth look at your ability to buy a home and isn't underwritten.

We'll explore the entire process of getting a mortgage in another section, because pre-approval is just the beginning. But with your pre-approval letter in hand, you're ready to compete with other bidders and find your home.

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\*PowerBid Approval (the "Approval") is contingent upon receipt of executed sales contract, an acceptable appraisal supporting value, valid hazard insurance policy, and a re-review of your financial condition. Citywide reserves the right to revoke this Approval at any time if there is a change in your financial condition or credit history which would impair your ability to repay this obligation and/or if any information contained your application is untrue, incomplete or inaccurate. Receipt of an application does not represent an approval for financing or interest rate guarantee. Not all applicants will be approved for financing. Restrictions may apply, contact Citywide for current rates and for more information.

# CHOOSING AN AGENT



You could, in theory, go solo with your house search. But by doing so, you could put yourself at a disadvantage.

Professional real estate agents understand the ins and outs of the local housing market, including how much homes are really worth and even learning about new houses before they go on sale.

Given the stakes, it's smart to have all the expert guidance you can get. Having an agent in your corner to manage the transaction will help you avoid potential pitfalls during the process.



# KNOWING WHAT YOU WANT





Now that you know what you'll be able to afford, you can start figuring out what you'll need in a home.

What matters most to you when buying a house? Location? School district? The size of the yard? A chef's kitchen?

You should go into your house search with a clear idea of what you absolutely need in a new house vs. what you would like to have. Lay out what your deal-breakers are so you and your real estate agent are on the same page and can make the most of your time when looking at houses.

That said, two aspects of your new home that will have the biggest impact on your life there are your neighborhood and the type of dwelling you live in. Here are some hints for finding the right location and the type of home you want.

### **Choosing the right neighborhood**

There are many online resources that can provide you with neighborhood-level information. You can find helpful data there, including information about these five factors that you should consider when choosing where to live.

#### **Schools**

If you have children, the school district is the natural starting point of your search for the best neighborhood.

#### **Attractions**

Some people like to be in the thick of things, while others seek a little more solitude. If you like museums, theaters and the trendiest restaurants, a neighborhood closer to the city is a no-brainer. If you want a good balance between isolation and the cultural hubbub, you'll be better suited for a suburban community. And don't forget the importance of parks and playgrounds for outdoor activities.





### **Accessibility**

Factor in proximity to public transportation, grocery stores, day cares or everyday necessities when you consider your daily commute and getting to the attractions you frequent.

### **Safety**

You can see crime and violence reports at more than a few online resources to gauge the relative safety of a neighborhood. But there are additional factors that influence safety, such as air and water quality and their relationship to nearby factories, refineries and power plants. Also important is an understanding of the area's prevalence for extreme weather like hurricanes, tornadoes and floods.

### **Community**

Are the neighbors friendly? Will your kids have playmates? The community you'll find yourself in is one of the hardest elements to quantify without actually living in the neighborhood. So why not ask someone who does?

If you see your prospective neighbors outside, ask them what they like about the neighborhood. You can ask your agent or the seller's agent about the neighborhood. You can also find friends who live nearby through social media and ask them to give you the scoop.





## What type of home?

You should research the different types in your area and in your price range to narrow down your options. Here are some typical home types that are popular for first-time homebuyers due to their size and relative price tag.

### Single Family

Single-family homes might sound self-explanatory, but there are a few characteristics that differentiate them. In addition to being used as a private dwelling, these structures usually feature their own yard, private entrance and exit and are free of any shared walls with neighbors. Two common types are ranch homes and bungalows.

### Ranch Home

At one point in the United States, ranch homes were the most popular housing option for first-time buyers. As demand has shifted to larger homes, the ranch style has fallen a bit out of style.

However, these low, long homes offer a number of special qualities such as open dining rooms, spacious living rooms and sometimes full basements. Despite not seeming huge from the outside, this classic style of living has a lot to offer.

### Bungalow

Bungalows offer a small, usually square shaped, single-story home. A lot of the time, this single floor is slightly raised with a porch or several steps leading to the front door. Like ranch homes, this single-family style has been popularized in urban and suburban settings.





## Townhome

These attached housing units come with multiple floors and provide affordable and spacious living options in urban settings while sharing walls with other units. Like apartments, townhouses are usually part of a larger complex.

A major difference between apartments and townhouses, however, comes down to ownership. Townhouse owners have additional responsibilities more similar to single-family homeowners, like managing exterior maintenance and landscaping any outdoor space surrounding the home.



## Condo

A condo is another kind of privately-owned residence attached to a larger complex. These units allow you to enjoy the advantages of homeownership without the added hassle of buying a full-scale house. You'll have to pay for these condo-specific perks however, like general exterior maintenance and shared communal areas, through a condo association fee.



Now that you have some goals in mind for your home and your community, it's time to go through the online listings, visit open houses and tour prospective homes until you find the one that checks all of the boxes for you. Once you do, you're ready to make an offer



## MAKING AN OFFER

Once you've found the one, work with your real estate agent to make an offer that you both think the seller would accept—while remaining within your pre-established budget. Keep in mind that your offer is not just about the money that will be changing hands, it also may include the terms and conditions of the transaction, like proposed move-in date.

Typically, your agent will make the offer to the seller's agent, with all the necessary terms and conditions included. Some typical topics that may be included in the terms and conditions include:

- Financing (which should be less of an issue if you're already pre-approved)
- Seller's assist or concession—a credit used to pay some of your closing costs
- Which party is responsible for specific closing costs
- Home inspection
- Fixtures and appliances to be included in the purchase
- Closing date