

# HOME BUYER'S Guide



ASPIRE  
REAL ESTATE GROUP

# Dear Excited Buyer,

Welcome aboard! Get ready for the thrilling adventure of discovering your dream home. Whether it's your first time buying or you're a seasoned home owner, looking for a retirement oasis or an investment opportunity, our goal is to make your journey not just easy, but truly enjoyable. We're here to help you uncover that perfect place with minimal stress and maximum satisfaction.

Buying a home is a milestone moment. It's a decision that most folks make only a handful of times in their lives. We're committed to ensuring you're equipped with the most current information to make that decision with confidence. Our team is ready and eager to guide you through every stage of the home-buying process. This packet is your go-to guide, filled with useful information to assist you during and after your transaction. Think of it as your trusted companion on this home-buying journey.

Keep this packet close at hand throughout your home-buying experience. It contains key phone numbers and dates that will come in handy.

So, let's embark on this exciting journey together! We're thrilled to be by your side every step of the way, meeting your real estate needs with dedication and enthusiasm.

Warmest Regards,



The TEAM at Aspire

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ASPIRE  
REAL ESTATE GROUP

# MEET MY *Team*



*Tommy Arnold*

PRINCIPAL BROKER & OWNER

For Tommy, there's nothing more satisfying than helping clients find the perfect house to turn into their home. His vision, endless knowledge of the market and renovations as well as his network of contractors ensures clients will have little problem selling their home and making their own mark on a new property.



*Jeremy English*

REALTOR & OWNER

Jeremy possesses a depth of comprehension across multiple facets of real estate process resulting in a seamless client experience. Driven by his passion for helping others, he strives to leave a lasting impression and open-door policy for any future real estate needs.



*Barbara LaMaster*

REALTOR & OWNER

An experienced Realtor, Barbara enjoys navigating the real estate process with buyers and sellers. With networks formed before and after she became a Realtor, her knowledge and experience inform the clients' journey. Her main goal is that they believe they have been represented well and that they have received the best information that is available in order to make informed decisions.

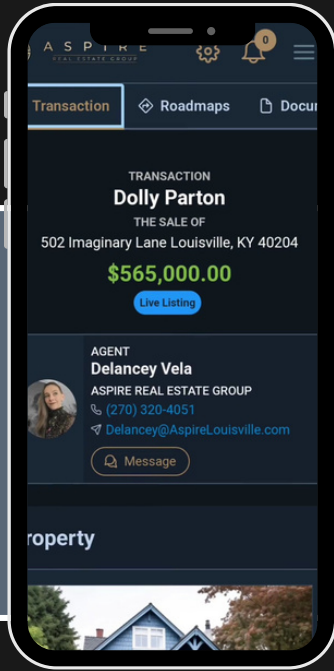


*Delancey Vela*

DIRECTOR OF MEDIA & ENGAGEMENT

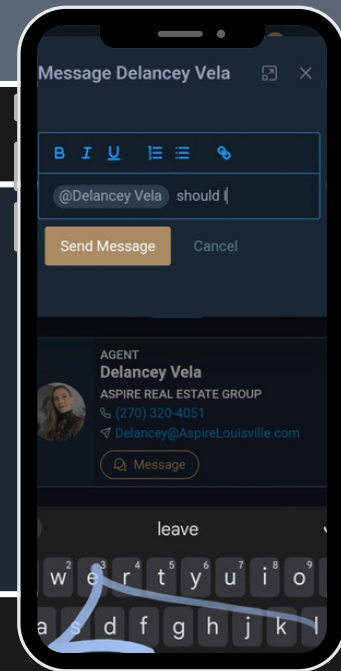
Delancey comes from many worlds. She is artistically and technologically skilled with excellent design expertise and possesses a deep knowledge of the digital arena. As licensed Realtor with her combination of talents and experience she truly is our Renaissance woman.

# Client PORTAL

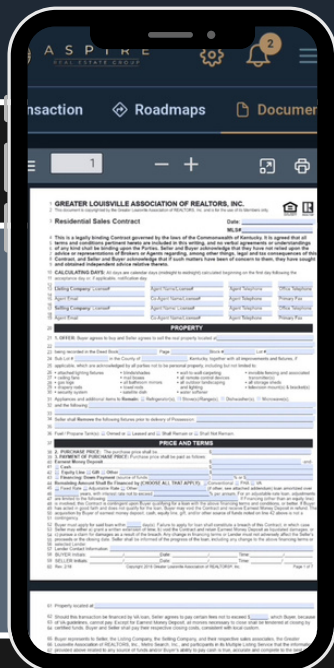


YOUR PERSONALIZED  
ROADMAP AND  
REAL-TIME TRACKING.

ONE-STOP  
COMMUNICATION HUB.



EFFORTLESSLY  
MANAGE DOCUMENTS.



HAVE QUESTIONS? ASK AN ASPIRE AGENT!



# PRE-QUALIFICATION & PRE-APPROVAL

Many buyers apply for a loan and obtain approval before they find the home they want to buy. Why?

Pre-qualifying will help you in the following ways:

- Generally, interest rates are locked in for a set period of time. You will know in advance exactly what your payments will be on offers you choose to make.
- You won't waste time considering homes you cannot afford.

Pre-approval will help you in the following ways:

- A seller may choose to make concessions if they know that your financing is secured. You are like a cash buyer, and this may make your offer more competitive.
- You can select the best loan package without being under pressure.

## HOW MUCH CAN YOU AFFORD?

There are three key factors to consider:

- The down payment
- Your ability to qualify for a mortgage
- The closing costs associated with your transaction.

## DOWN PAYMENT REQUIREMENTS

Most loans today require a down payment of between 3.5% and 5.0% depending on the type and terms of the loan. If you are able to come up with a 20-25% down payment, you may be eligible to take advantage of special fast-track programs and possibly eliminate mortgage insurance.

## CLOSING COSTS

You will be required to pay fees for loan processing and other closing costs. These fees must be paid in full at the final settlement, unless you are able to include them in your financing. Typically, total closing costs will range between 2-5% of your mortgage loan.

## QUALIFYING FOR THE MORTGAGE

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:

- The principal on the loan (P)
- The interest on the loan (I)
- Property taxes (T),
- The homeowner's insurance (I).

Your total monthly PITI and all debts (from installments to revolving charge accounts) should range between 33-38% of your gross monthly income. These key factors determine your ability to secure a home loan: Credit Report, Assets, Income, and Property Value.

# Do's & Don'ts AFTER APPLYING FOR A Mortgage

Once you've found the right home and applied for a mortgage, there are some key things to keep in mind before you close. You're undoubtedly excited about the opportunity to decorate your new place, but before you make any large purchases, move your money around, or make any major life changes consult your lender – someone who is qualified to tell you how your financial decisions may impact your home loan.

Here are 6 things you should NOT do after applying for a mortgage. They're all important to know – or simply just good reminders – for the process.

## 01 DON'T DEPOSIT LARGE SUMS OF CASH INTO YOUR BANK ACCOUNTS BEFORE SPEAKING WITH YOUR BANK OR LENDER

Lenders need to source your money, and cash is not easily traceable. Before you deposit any amount of cash into your accounts, discuss the proper way to document your transactions with your loan officer.

## 02 DON'T MAKE ANY LARGE PURCHASES LIKE A NEW CAR OR FURNITURE FOR YOUR NEW HOME

New debt comes with new monthly obligations. New obligations create new qualifications. People with new debt have higher debt-to-income ratios. Higher ratios make for riskier loans, and then sometimes qualified borrowers no longer qualify.

## 03 DON'T CO-SIGN OTHER LOANS FOR ANYONE

When you co-sign, you're obligated. With that obligation comes higher ratios as well. Even if you promise you won't be the one making the payments, your lender will have to count the payments against you.

## DON'T CHANGE BANK ACCOUNTS

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Remember, lenders need to source and track your assets. That task is significantly easier when there's consistency among your accounts. Before you transfer any money, speak with your loan officer.

## DON'T APPLY FOR NEW CREDIT

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It doesn't matter whether it's a new credit card or a new car. When you have your credit report run by organizations in multiple financial channels (mortgage, credit card, auto, etc.), your FICO® score will be impacted. Lower credit scores can determine your interest rate and maybe even your eligibility for approval.

## DON'T CLOSE ANY CREDIT ACCOUNTS

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Many buyers believe having less available credit makes them less risky and more likely to be approved. Wrong. A major component of your score is your length and depth of credit history (as opposed to just your payment history) and your total usage of credit as a percentage of available credit. Closing accounts has a negative impact on both of those determinants of your score.

## BOTTOM LINE

Any blip in income, assets, or credit should be reviewed and executed in a way that ensures your home loan can still be approved. If your job or employment status has changed recently, share that with your lender as well. The best plan is to fully disclose and discuss your intentions with your loan officer before you do anything financial in nature.







# MAKING AN Offer

Once you have found the home you wish to purchase, you will need to determine what offer you are willing to make for the home. It is important to remember that the more competition there is for the home, the higher the offer should be – sometimes even exceeding the asking price. Remember, be realistic. Make offers you want the other party to sign!

To communicate your interest in purchasing a home, we will present the listing agent with a written offer. When the seller accepts an offer it becomes a legal contract. When you write an offer you should be prepared to pay an earnest money deposit. This is to guarantee that your intention is to purchase the property.

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.

The step-by-step contract procedure for most single-family home purchases is standard. The purchase agreement used is a standard document approved by our local real estate board. The purchase agreement or contract constitutes your offer to buy and, once accepted by the seller, becomes a valid, legal contract. For this reason, it is important to understand what is written on the contract offer.



# WHAT TO *Expect* AT CLOSING

You'll sign a lot of important documents at closing and the process can take around an 1 – 2 hours. While every closing differs based on unique situations, the following generally holds true for all:

- Closings usually take place at a title company.
- You'll need to bring a state-issued photo ID and a cashier's check or wire transfer to pay for outstanding items or closing costs that aren't rolled into the loan.
- You'll be asked to review and sign a number of documents and several affidavits and declarations. Understanding the purpose of the primary documents you'll see at closing will help you move forward with more confidence. These documents might include the following:

## CLOSING DISCLOSURE

This provides the actual fees, costs and credits associated with closing your loan. Your lender is required to provide you with the Closing Disclosure three business days before your scheduled closing to review and ensure that the loan terms and costs align with those provided in your Loan Estimate.

## THE PROMISSORY NOTE

This is the legal document you sign agreeing to repay the loan according to the terms to which you agreed. It outlines the details of the loan, the dates when payments are to be made and where payments are to be sent. It also explains what can happen if you fail to make a payment on time.

## DEED

The seller will sign the deed to transfer ownership over to you, and it will have the names of all the buyers on it. Your title will be held with a third-party trustee until you have paid for the house in full. You will receive a copy of the deed at closing.

## DEED OF TRUST

This document will explain your rights and responsibilities as a borrower. It also gives the lender the right to take back the property by foreclosure should you fail to repay your loan as agreed.

## AFFIDAVITS AND DECLARATIONS

These are statements declaring all the information you provide is true.

# Budgeting

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## UPFRONT COSTS

Upfront costs are the one-time expenses you'll pay after you make an offer on a home and the offer is accepted. Below is a list of the key expenses you should be prepared to cover. The exact amounts you'll pay will vary, so be sure to speak with us about what you should expect for your specific home-buying situation.



### WHAT IS THE DIFFERENCE BETWEEN CLOSING COSTS AND CASH TO CLOSE?

Closing costs are all the service fees required to close on your loan. Cash to close, on the other hand, is the total amount - including closing costs - that you'll need to bring to your closing.

### DOWN PAYMENT (3-20% OF THE PURCHASE PRICE)

A down payment is typically 5 to 20% of the purchase price of your home - but qualified borrowers can put down as little as 3% with options like Freddie Mac or FHA mortgages.

### EARNEST MONEY DEPOSIT (1-2% OF THE PURCHASE PRICE)

Earnest money is a sum of money you submit with your offer to show the seller that you are serious about purchasing the home. It's also known as a "good faith deposit." During closing, the amount you pay in earnest money can be applied toward your down payment or closing costs.

### HOME INSPECTION (\$400-\$750)

When buying a home, you're responsible for paying for the inspection of the home. An inspection will tell you about the home and any potential maintenance issues you should be aware of. Please see our list of recommended, well-qualified home inspectors that our clients love!

## CLOSING COSTS (2-5% OF THE PURCHASE PRICE)

Closing costs are all the service fees required to close on your loan. Cash to close, on the other hand, is the total amount - including closing costs - that you'll need to bring to your closing.

- Government recording costs
- Appraisal fees
- Credit report fees
- Lender origination fees
- Title services

- Tax service fees
- Survey fees
- Attorney fees
- Underwriting fees

Oftentimes, you can roll your closing costs into the loan; so be sure work with your lender to find a solution that best fits your financial situation.

## MOVING EXPENSES (COSTS WILL VARY)

You could hire professional movers or pack and haul your belongings yourself. For more information about movers, please look at our list of suggested vendors in this booklet.

Beyond these upfront costs, you will likely have additional recurring payments rolled into your monthly mortgage payment. Be sure to plan for costs such as PMI and escrow (which typically includes property taxes and homeowners insurance) before diving into homeownership.



# TRUSTED *Resources*

## PREFERRED VENDORS



The Aspire Family has curated a list of what we believe to be the best group of local vendors that Louisville has to offer. We keep this information available through a QR code for you to scan so you can always have the most current and up-to-date information for these vendors. Feel free to reach out if you have any questions or need another type of reference.

## UTILITIES & SERVICES



We know it's helpful, once you begin the moving process, to have a list of all of the local utilities and services. We keep this information available through a QR code for you to scan so you can always have the most current and up-to-date information for these vital local resources.

