

New Homebuyer Guide

A Step-by-Step Guide to Home Buying for First Time Buyers



Gatehouse
Realty



www.teamgatehouse.com

12250 Hwy 1077
Folsom, LA 70437

gatehouserealty1@gmail.com

(985) 796 4236

Sunny Francois
Owner/Broker
Mobile: (504) 451 0688



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The Gatehouse Approach to Buying



Owner, Broker
Sunny Francois

With 20 years of experience selling homes on the Northshore, and Fortune 500 Accounting and Technology experience, my approach to buying property is focused on **VALUE** and **RESALE**.

New Homebuyers approach the home shopping experience with great enthusiasm – enthusiasm I share and have made a career out of. As your agent, it is my job to balance that enthusiasm and help you find a property that you will both **LOVE** and **BENEFIT FROM** in the future.

Today, most New Homebuyers view their first property purchase as a stepping stone. With that in mind, I look at **RESALE VALUE** and **EQUITY POTENTIAL** in each property.

Finally, the home search for a New Homebuyer is not just about viewing potential homes, but about educating the buyer on what the positive and negative attributes of each property are as they pertain to long-term value.

So, New Homebuyer, get ready to **LEARN!**

New Home-Buyer's Guide

Introduction

Broker – Sunny Francois

Listing Agent – Jan Lacoste

Office Staff – Rachel Glynn



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New Home-Buyer's Guide

Choose a Buyer's Agent

Why Use a Real Estate Agent?

The simple reason why buyer's should always use an agent they like and trust is because there is absolutely no cost or downside to them. Why NOT have an industry professional represent you through this process? In a transaction, there is always the listing agent, and the selling agent (buyer's agent). Occasionally one agent represents both buyer and seller (dual agency). As a first time buyer, you want maximum service and protection, and should identify your own Buyer's Agent.



Who Pays My Agent?

The SELLER pays the agents. When a seller lists their home for sale, they agree to pay a fixed percentage to the listing broker. The listing broker then places the home for sale in the MLS and offers to pay any agent who brings a buyer, half of that commission. If the listing broker sells the home to the buyer themselves, they keep the entire fee, but they represent both parties. Frankly, for the same price, you want your own representation.

What About Homes For Sale By Owner ?

If you find a home for sale by owner, your agent can still broker the transaction. Most For Sale By Owner listings protect agents, in that they are willing to pay an agent who brings them a buyer. Always contact your agent about a For Sale By Owner and they will gladly walk you through the process.

FREE REPRESENTATION FOR BUYERS



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Financial Goals: Monthly Payment and Down Payment

The educated buyer will look at the monthly payment as a way of communicating what they want to spend on a home. This way, the agent and lender can recommend home pricing, which may change depending on the following factors:

- The smallest fluctuation in **INTEREST RATES** can dramatically change a monthly payment. On 150k sales price, each one point interest rate change is a \$100.00 impact to the monthly payment (roughly).
- Different **LOAN TYPES** are available depending on the property location, the type of property and the buyer status (veterans, first time buyers etc). The loan type will dictate the payment amount.
- The amount of your **DOWN PAYMENT** will impact your payment. Depending on loan type, a **DOWN PAYMENT** of less than 20% will result in Private Mortgage Insurance (PMI), which could add between 100 and 200 per month to your payment. Most first time buyers have little to no down payment.
- Cash for **CLOSING COSTS**. Closing costs average 2.5% of the sales price. If you don't have funds for closing costs, we need to look at certain loan types or ask the seller to pay closings, will ultimately affects price.

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Set Your Financial Goals:
MONTHLY PAYMENT
DOWN PAYMENT
CLOSING COSTS

Communicate your Target Monthly Payment, Down Payment and Cash for Closing details to your Agent.



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Determine Price Range

Discuss Price Range with Your Agent

Once you have identified a budget for your monthly payment and down payment, your agent can use current interest rates to back into a price range.

As your agent, I will ask you a few questions about the home you desire such as:

Location

- Size
- Style
- Age
- Features

Using the target mortgage payment and down payment information, and your preferences on the location, size, style, age and features, we will talk about the feasibility of finding what you are looking for. Sometimes we compromise a little. Sometimes this changes your target payment. The discussion is important as it saves a lot of time and heart ache.



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Get Pre-Approved

The Pre-Approval Process

Perhaps you know a lender you trust and can talk to candidly about the loan process. If not, your agent can direct you to a professional. Either way, you want to find a lender that you can build a relationship with as they can help you make smart decisions about your loan, and keep you posted on changes that may impact you if you have an established working relationship. Whoever you choose, the process may be a little grueling. You will be asked to provide:

- Tax Returns
- Pay Stubs
- Military Service Records (DD214)
- Other documents pertaining to your personal situation

Your lender will want to know the target price range, and the objective is to provide a pre-approval letter for your target range. Offers generally require a pre-approval letter.



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Let The Home Search Begin...

Many of the search apps available to consumers contain out dated or incorrect information. The truth is that ALL agents use the **Multi-List System (MLS)** to publish listings. The MLS is the source of truth for current listings. Your agent will use the criteria you define to set **automated searches** that will notify you via email whenever a new home matching your criteria hits the market. This way, you are always the first to know.

Your agent will discuss the matching homes with you to help educate you about pros and cons of each.

If you like apps, download the Realtor.com app, which is the only one fed directly from the MLS. If you are out and about and see a home that wasn't in your search results from the agent, you can pull it up using the Realtor.com app and view the details. More than likely it doesn't meet your criteria; otherwise you would have been notified, but you can quickly view the details.

If you aren't an app person, call your agent about any home you see or are curious about. Your agent can give you the details. I always caution clients not to contact the listing agent – he/she is working for the seller. Your own agent is always your point of contact.

**New Home-Buyer's
Guide**

Begin Your Search



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*View Properties Of
Interest*

Each Viewing Is Education

There's an old expression:

“When you don't get what you want, you get experience”

This is particularly true of home-shopping. With every home you view you will learn something about the area, the home, or perhaps even yourselves. Your criteria may change during this time, and your agent can take this time to discuss some of the long-term pros and cons of each home.



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*Learn About
Equity and Value*

Searching for an Investment

For every new home owner, I want EQUITY and VALUE to be part of the deal. This is your future – it should be more than a shiny new kitchen to show off to friends and family. A home purchase is perhaps the most important investment you will make in your lifetime.

- **EQUITY:** The home's value – Your investment in the home. Factors such as location, availability, surrounding property conditions, all impact your future equity.
- **VALUE:** What you get for your dollar. I look at every home in terms of price per square foot of living area. We will discuss that more as we progress through viewings, but you always want to be aware of what you are getting for that dollar value per square foot. Why is one home \$100.00 psf, and another \$120.00?



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Proceed to an Offer

Congratulations, You're Going to be Home Owner!

When it comes time to make an offer, your agent will determine what other homes in the area are selling for in order to provide guidance on your best offer. She will guide you through the things that make your offer strong, and the things that make it attractive to the seller.

An experienced agent who can carefully negotiate terms on your behalf will be worth their weight in gold.

When new home buyers are close to a decision, I always have them attend a contract session at my office, where we walk through and understand the contract and the follow-on activities.

Once you have an accepted contract, you can expect to come out of pocket for:

- DEPOSIT – REFUNDED IF SALE FALLS THROUGH DUE TO INSPECTIONS OR FINANCING, OR AT ACT OF SALE
- INSPECTION FEE – Approx 350.00
- APPRAISAL – Approx 400.00



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Let's Get Started!

Ready, Set, Call Me!

After going through my Home Buyer 101 Presentation, you likely have a number of questions. Send them over to me and we'll hash them out one by one.

When you're ready to get started, so am I.

CALL ME: 504 451 0688

OR

**SEND ME AN EMAIL:
SUNNY.FRANCOIS@GMAIL.COM**