



# HOME BUYING GUIDE



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The background of the entire page is a soft-focus photograph of a contemporary living room. It features a light-colored sofa, a wooden coffee table with a bowl of fruit, and large windows that let in natural light, creating a warm and inviting atmosphere.

# The Home Buying Process

## Introduction

If you're like most people, buying a home represents your single biggest investment. As such, the home buying process can be one of the most exciting, but sometimes also stressful, experiences you go through. This may be true whether you've bought many homes or you're looking to buy your first, whether you're in the market for a new primary residence, an investment property or that perfect vacation getaway.

There are many factors to consider and many decisions to make when buying a home. That's why, when buying, it's crucial for you to have all the available resources necessary to make a well-informed decision and that's also why you should enlist the help of a trusted REALTOR who will be able to provide you with expert consultation at each step of the buying process.

Generally, finding and purchasing a home includes the following steps, some of which will be examined in more detail throughout this booklet.

Let's Get Started...

# The Home Buying Process

## Step By Step Overview

### 1. Define Your Goals, Research Your Options, Make Your Plans

Given that buying a home is such a big step, it's all the more important for you to educate and prepare yourself as much as possible in advance. This means clearly determining why you're buying and what kind of home you are looking for. You can refer to the "Home Search Worksheet" on page 14 to help you better gauge what is important to you. Since buying and financing a home are so closely related, examining your current financial situation and projecting how much you can afford is an important part of your planning. Once you've answered these questions, even tentatively, you'll be in a better position to create an action plan and timeline for moving forward. You may also benefit by consulting an experienced NOFO Real Estate Agent right from the start.

### 2. Contact A NOFO Real Estate Agent

Buying real estate is a complex matter and there are so many factors to consider with no two homes or transactions alike. That's why choosing the right REALTOR to help guide you through the process is so significant. At NOFO Real Estate you can be assured that your agent will have the local market knowledge, experience and track record to successfully bring you from your property search to closing.

### 3. Get Pre-Approved For A Loan

Generally, it is recommended that you get pre-approved for a loan before you start viewing homes with the serious intention of buying. The pre-approval process involves meeting with a lender and authorizing them to examine your current financial situation and credit history. On the basis of the examination the lender will provide you with a document that details how much you can borrow to buy a home. See Page 13 for a list of recommended lenders.

The benefits of pre-qualification include:

- You'll have information about what you can afford and be able to plan accordingly
- As a qualified, motivated buyer you'll be taken more seriously when you make an offer on a home
- Lenders can tell you whether you qualify for any special programs that will enable you to afford a better home (particularly if you're a first-time buyer).



# The Home Buying Process

## Step By Step Overview (continued)

### 4. View Homes and Select “The One”

Simply put, the key to the home search process is knowing what you are looking for. Among other things, that means distinguishing between “must-haves” and “like-to-haves”. To help you target your search and find your home preference priorities, this guide includes a “Home Search Worksheet” on page 14. Here are a few recent facts about the search process that might put your experience into perspective:

Almost 90% of buyers use the Internet to search for homes

The typical buyer searched for 12 weeks and views 12 homes.

81% of buyers view real estate agents as extremely useful in the search process.

### 5. Make An Offer And Negotiate With The Seller

Now that you’ve found the home you’d like to buy, it’s time to make an offer. Your NOFO Real Estate Agent will present the offer specifying various terms of purchase, such as the closing and possession dates, your deposit amount on contract and other conditions and terms. Your agent will be happy to address any questions regarding the offer process. You can expect a seller to accept, reject or counter your offer to initiate the negotiation process.

#### Things to Consider When Making An Offer:

You will need to have your pre-approval and/or proof of funds available to present the offer showing you are a serious buyer.

Before making an offer, be sure that you are comfortable with your expected monthly payments and maintenance costs of owning the home.

Be sure that you have enough money set-aside for closing costs which will be in addition to your down payment. See Page 19 for details on closing costs.

Typically with conventional loans, you can put down as low as 5% on contract. FHA loans can provide the opportunity to go as low as 3.5% down on contract.

Your NOFO Real Estate Agent will advise you on other terms and conditions related to the property including details regarding permits and certificates of occupancy, engineer’s inspection etc.

Once an offer has been accepted, it is important to move quickly from acceptance to signing the contract and providing your down payment. An “acceptable offer” only means that the sellers have agreed upon a price and to move forward. It does NOT mean that the property won’t continue to be shown. There is a possibility that another higher, better offer may come in which would push an acceptable offer aside. Signing the contract is your only definitive way to secure the acceptable offer.

# The Home Buying Process

## Step By Step Overview (continued)

### 6. Engineer's Inspection

Once an offer has been accepted, in most cases, we advise home buyers to have an inspection done within the next few days. Home inspectors will review the structural, electrical, heating and air conditioning systems for flaws. Please see our list of recommended inspectors on page 13. If the inspection brings up some issues that need to be discussed, your agent will convey that information to the sellers and will negotiate the best plan of action to move forward. Once the formal inspection report has been reviewed, it is also important to share this with your chosen attorney. If you have not already contacted an attorney, now would be the time to do so.

### 7. Signing Contract And Down Payment

Your attorney will review the contract that will be drawn up by the seller's attorney. This contract will lay out all the terms of the deal, such as price, contingencies, and closing date. Once your attorney has reviewed and made any necessary changes, the buyers will be the first to sign the contract. Upon signing the contract, you should also expect to have your down payment check ready. Your check will be delivered to the sellers' attorney along with the signature pages of your contract. The sellers will sign and deliver their signature pages to your attorney. At this point, you and the sellers are "in contract," and neither of you can walk away without being in breach of the contract and subject to legal liability for this breach.

The home sellers are not allowed to go out and spend the down payment money at this point. The sellers' attorney will deposit your down payment in an attorney escrow account.

# The Home Buying Process

## Step By Step Overview (continued)

### 8. Secure Your Financing

Once you have a pending agreement, it's time to go back to your chosen lender to finalize your mortgage details so you can close the deal. This means finalizing your down payment, interest rate, regular payment schedule and any other financial conditions associated with the closing.

As noted in the section on loan-preapproval, if you've already been qualified with the lender for a certain loan and home purchase, this phase of buying your new home should be a relatively straightforward matter that centers around finalizing the loan details and signing the mortgage papers.

As the old saying goes, "let the buyer beware". Particularly in these times, when so many buyers are suffering the consequences of having not fully understood their financial decisions, it's crucial for you to work with people you trust.

### 9. Bank Appraisal

Once your mortgage process is underway, an appraisal will be scheduled by your bank to view the home. You can expect your NOFO Real Estate agent to check comparable sales in the area to assist in a smooth appraisal. Appraisals exist for good reason, but they're conducted after you've negotiated a price, agreed to buy or sell the house and signed the contract. So, it's in everyone's best interest that the appraisal is close to the price that both seller and buyer have agreed on.



# The Home Buying Process

## Step By Step Overview (continued)

### 10. Mortgage Commitment and Clear to Close

A mortgage commitment, or a loan commitment, means your lender has pre-approved you for a mortgage based on your creditworthiness and income. Lenders usually issue a letter verifying your approved loan status indicating the type of loan being used, the amount of money being borrowed, the length or term of the repayment period, and the interest rate assigned to the loan. Mortgage commitments are conditional, which means they come with a list of conditions that must be met before the file can move forward. This is not the same as “Clear to Close” since the conditions of the loan will need to be met in a timely manner. There are no three words that sound sweeter than “Clear to Close.” Those three little words mean that all the hoops have been jumped through, all the paperwork is done and the only thing you’re waiting for is your time at the closing table. Crunch time is over, you can breathe easy again (but still refrain from dipping into those credit lines or getting new ones!) Also, the lender will have to verify your employment usually just before you reach closing.

### 11. Title and Land Survey

Getting a Title Search – A Historical review of all legal documents relating to ownership of the property – to ensure that there are no claims against the title of the property. It is also necessary to purchase Title Insurance in case the records contain errors or there are mistakes in the review process.

Survey the Land – Land surveys allow you to identify the property lines and boundaries of the land you are buying, which is especially helpful in determining which areas and structures are included in the deed. Hiring a land surveyor ensures that you are actually getting the property you are paying for. Land surveyors verify that all the features and improvements described in the deed are actually part of the real estate property you are planning to purchase.



A bright, modern living room with white furniture, a coffee table, and a large window. The room is well-lit with natural light from the window. The furniture includes a white sofa, a white armchair, and a white coffee table. There is a large window in the background with a white frame. The overall atmosphere is clean and bright.

# The Home Buying Process

## Step By Step Overview (continued)

### 12. The Final Walk-Through

In the few days leading up to the closing you will be given the chance to visit the house one last time before taking ownership. The primary purpose of the walk-through is to make certain that the property is in the condition you agreed to buy -- that agreed-upon repairs, if any, were made, and nothing has gone wrong with the home since you last looked at it.

### 13. Closing/Settlement

If you've efficiently taken care of everything connected with purchasing your new home, the experience of taking ownership will be an exciting one. Typically, on the closing date you'll go to an attorney's office to verify and sign all the paperwork required to complete the transaction. The settlement will include paying your closing costs, legal fees, property adjustments and transfer taxes. At that point, you'll receive the property title and copies of all documentation pertaining to the purchase. You will also get the keys to your new home!

# Glossary Of Terms

When buying a home, it's important to understand some of the key concepts and terms. Throughout the purchase process, your REALTOR® will be available to explain any unfamiliar terms you encounter. That said, here is a short list of terms you'll want to know:

**Abstract Of Title** – A complete historical summary of the public records relating to the legal ownership of a particular property from the time of the first transfer to the present.

**Adjustable Rate Mortgage (ARM)** – Also known as a variable-rate loan, an ARM is one in which the interest rate changes over time, relative to an index like the Treasury index.

**Agreement of Sale** – Also known as contract of purchase, purchase agreement, or sales agreement according to location or jurisdiction. A contract in which a seller and buyer agree to transact under certain terms spelled out in writing and signed by both parties.

**Amortization** – The process of reducing the principal debt through a schedule of fixed payments at regular intervals of time, with an interest rate specified in a loan document.

**Appraisal** – A professional appraiser's estimate of the market value of a property based on local market data and the recent sale prices of similar properties.

**Assessed Value** – The value placed on a home by municipal assessors for the purposes of determining property taxes.

**Closing** – The final steps in the transfer of property ownership. On the Closing Date, as specified by the sales agreement, the buyer inspects and signs all the documents relating to the transaction and the final disbursements are paid. Also referred to as the Settlement.

**Closing Costs** – The costs to complete a real estate transaction in addition to the price of the home, may include: points, taxes, title insurance, appraisal fees and legal fees.

**Contingency** – A clause in the purchase contract that describes certain conditions that must be met and agreed upon by both buyer and seller before the contract is binding.

**Counter-offer** – An offer, made in response to a previous offer, that rejects all or part of it while enabling negotiations to continue towards a mutually-acceptable sales contract.

**Conventional Mortgage** – One that is not insured or guaranteed by the federal government.

**Debt-to-Income Ratio** – A ratio that measures total debt burden. It is calculated by dividing gross monthly debt repayments, including mortgages, by gross monthly income.

# Glossary Of Terms

**Down Payment** – The money paid by the buyer to the lender at the time of the closing. The amount is the difference between the sales price and the mortgage loan. Requirements vary by loan type. Smaller down payments, less than 20%, usually requires mortgage insurance.

**Earnest Money** – A deposit given by the buyer to bind a purchase offer and which is held in escrow. If the property sale is closed, the deposit is applied to the purchase price. If the buyer does not fulfill all contract obligations, the deposit may be forfeited.

**Equity** – The value of the property, less the loan balance and any outstanding liens or other debts against the property.

**Easements** – Legal right of access to use of a property by individuals or groups for specific purposes. Easements may affect property values and are sometimes part of the deed.

**Escrow** – Funds held by a neutral third party (the escrow agent) until certain conditions of a contract are met and the funds can be paid out. Escrow accounts are also used by loan servicers to pay property taxes and homeowner's insurance.

**Fixed-Rate Mortgage** – A type of mortgage loan in which the interest rate does not change during the entire term of the loan.

**Home Inspection** – Professional inspection of a home, paid for by the buyer, to evaluate the quality and safety of its plumbing, heating, wiring, appliances, roof, foundation, etc.

**Homeowner's Insurance** – A policy that protects you and the lender from fire or flood, a liability such as visitor injury, or damage to your personal property.

**Lien** – A claim or charge on property for payment of a debt. With a mortgage, the lender has the right to take the title to your property if you don't make the mortgage payments.

**Market Value** – The amount a willing buyer would pay a willing seller for a home. An appraised value is an estimate of the current fair market value.

**Mortgage Insurance** – Purchased by the buyer to protect the lender in the event of default (typically for loans with less than 20% down). Available through a government agency like the Federal Housing Administration (FHA) or through private mortgage insurers (PMI).

**Possession Date** – The date, as specified by the sales agreement, that the buyer can move into the property. Generally, it occurs within a couple days of the Closing Date. Pre-

**Approval Letter** – A letter from a mortgage lender indicating that a buyer qualifies for a mortgage of a specific amount. It also shows a home seller that you're a serious buyer.



A background image of a modern living room with white furniture, including a sofa and armchairs, and a large window. The room is bright and airy, with a minimalist design.

# Glossary Of Terms

**Principal** – The amount of money borrowed from a lender to buy a home, or the amount of the loan that has not yet been repaid. Does not include the interest paid to borrow.

**Purchase Offer** – A detailed, written document which makes an offer to purchase a property, and which may be amended several times in the process of negotiations. When signed by all parties involved in the sale, the purchase offer becomes a legally-binding sales agreement.\*

**Title** – The right to, and the ownership of, property. A Title or Deed is sometimes used as proof of ownership of land. Clear title refers to a title that has no legal defects.

**Title Insurance** – Insurance policy that guarantees the accuracy of the title search and protects lenders and homeowners against legal problems with the title.

**Truth-In-Lending Act (TILA)** – Federal law that requires disclosure of a truth-in-lending statement for consumer loans. The statement includes a summary of the total cost of credit.

**Title Search** – A historical review of all legal documents relating to ownership of a property to determine if there have been any flaws in prior transfers of ownership or if there are any claims or encumbrances on the title to the property.

# Our Trusted Network

We are pleased to recommend the following professionals as part of our network. Every great real estate agent needs a good team to help make them successful. That is why we recommend the best in the business to help a transaction run smoothly from start to finish.

## Attorney

**J. Kevin McLaughlin, Esq.**  
44210 Rt. 48, P.O. Box 1210  
Southold, New York 11971  
tel # 631.765.6085  
fax # 631.765.1856  
jkmclaw@optonline.net  
www.mclaughlinattorneys.com

**Patricia C. Moore**  
**Waterfront Specialist**  
51020 Main Road  
Southold NY11971  
tel # 631.765.4330  
fax # 631.765.4643  
pcmoore@mooreattys.com  
www.mooreattys.com

**Builders/Contractors**  
**Style Contracting Inc**  
Anthony Sannino  
tel # 631.767.1751

**Hallock Builders**  
Jeff Hallock  
tel # 631.445.4011

**Cable Service**  
**Optimum**  
Customer Service  
tel # 631.393.0636  
Sales  
tel # 631.393.0706

**Electrical Repairs**  
**Buchanan Electric**  
tel # 631.830.7734

**OffShore Electrical**  
tel # 298.7799  
mike@offshoreelectrical.com

**Rep Electric**  
Chris Paladino  
tel # 631.767.6034

## Electrical Service

**PSE&G**  
tel # 800.490.0025  
Report an Outage  
tel # 800.490.0075  
www.psegliny.com

**Exterminating**  
**East End Exterminating**  
Peconic, NY  
tel # 631.734.7800

**Garbage Removal**  
**Mattituck Environmental**  
Stanley  
tel # 631.298.8880

**Heating and Plumbing**  
**Hardy Plumbing**  
John Hardy  
tel # 631.298.8181  
www.hardyplumbing.com

**Mattituck Plumbing**  
tel # 631.298.8393

**Home Inspection**  
**Robert O'Brien**  
Licensed Engineer  
tel # 631.298.5252

**WIN Home Inspection**  
Tom, Victor or Joe  
346 New York 25A  
Rocky Point, NY  
tel # 631.874.0011

**Wilson Inspection**  
Pete Wilson  
tel # 631.758.4173

## Home Insurance

**Gene Walker**  
McMann Price Agency  
Greenport, NY  
tel # 631.477.1680

**Kitchens/Baths**  
**Marcos Kitchen & Bath**  
Mike  
Mattituck, NY  
tel # 516.616.7194

**Marine Contractor**  
**County Marine**  
tel # 631.734.8615

**South Shore Docks Lic.**  
tel # 631.653.5589

**Mortgage Lender**  
**Bridgehampton Nat'l Bank**  
Deborah Orłowski  
10095 Main Rd,  
Mattituck, NY 11952  
tel # 631.298.0190

**Wells Fargo**  
Michael Jacobs  
42 Hill Street  
Southampton, NY  
tel # 631.204.6532

**Painting Contractors**  
**All Seasons Painting**  
**Sandy Caruso**  
tel # 516.852.6304

**Mark**  
tel # 516.380.6568

**Baddillo Painting**  
tel # 631.838.1056

## Pool Installation

**Swim King Pools**  
Malcolm  
Rocky Point, NY  
tel # 631.744.8100

**Power Washing**  
**Storm Powerwash**  
tel # 631.241.3493

**Propane/Fuel**  
**Bay Gas**  
tel # 631.399.3620

**Burt's Reliable**  
tel # 631.765.3767

**Surveyor**  
**John Ehlers Land Surveyor**  
tel # 631.369.8288

**Destin Graf Land Surveyor**  
tel # 631.821.3442

**Window/Glass Cleaner**  
**Crystal Clear**  
Mattituck, NY  
tel # 631.298.5500

**Water Service**  
**SCWA**  
tel # 631.698.9500

# Home Search Worksheet

## Main Requirements

Price range: \_\_\_\_\_ Lot size: \_\_\_\_\_

Area: \_\_\_\_\_ Square footage: \_\_\_\_\_

Detached/Attached: \_\_\_\_\_ Number of bedrooms: \_\_\_\_\_

House style(s): \_\_\_\_\_ Number of bathrooms: \_\_\_\_\_

Age of property: \_\_\_\_\_ Garage: \_\_\_\_\_

## Specific Features

(e.g., waterfront, view, large lot, pool, fireplace, basement, garage size, built-in vacuum, distance to school, additional room preferences, etc.):

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## Additional Comments

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## Additional Comments

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# ESTIMATED CLOSING COSTS

## TOWNHOUSES AND SINGLE FAMILY HOMES

### SELLER

Broker: Generally 6%

Seller's Attorney: Consult your attorney

NYC Transfer Tax: \$4 per \$1,000 of price

Miscellaneous Title Fees: \$200-\$500

Pick-up / Payoff Fee to Title Closer: \$100-\$300



### BUYER- MORTGAGE CLOSING COSTS

Buyer's Attorney: Consult your attorney

Bank Fees: \$750

Application Fee: \$350

Processing Fee: \$330

Credit Report Fee: \$10.10 single/\$15.20 joint

Appraisal Fee: \$300-\$1,500 (depends on sale price)

Bank Attorney: \$650-\$750

Tax Escrows: 2 to 6 months

Recording Fees: \$250-\$750

Fee Title Insurance: Approx. \$450 per \$100,000 of sales price under 1M, +15% on \$1M or more

Mortgage Title Insurance: Approx. \$130 per \$100,000 of mortgage amount

Municipal Search: \$350-\$500

Mortgage Tax - Nassau & Suffolk (paid by borrower):  
1-3 Family Home or Condo: 0.80% of loan amount

Peconic Bay Transfer Tax:  
Shelter Island, Southampton, East Hampton  
2% of consideration after an exemption on the first \$250,000 for improved property or the first \$100,000 for unimproved property.

Southold and Riverhead  
2% of consideration after an exemption on the first \$150,000 for improved property or the first \$75,000 for unimproved property.

The applicable exemption amount is subtracted from the purchase price; then calculate the 2% tax. Peconic Bay Transfer Tax is paid by the purchaser.