

BUYING A HOME: FAQs

HOW DO I KNOW HOW MUCH I CAN AFFORD TO BUY?

After our initial consultation, I will recommend the first thing you do is meet with a local mortgage lender. They will help identify how much you are qualified to borrow, and how much you should borrow based on your preferred budget. Your interest rate is determined by market conditions, how much you borrow, how much you put as a down payment, and your credit score. Your interest rate can have a big influence on how much you can borrow. But just because interest rates might be high, if you can afford to buy, you should. You can always refinance when interest rates drop, and you'll continue building equity in your home!

WHY SHOULD I CHOOSE A LOCAL MORTGAGE LENDER?

A local mortgage lender is going to be available during the same hours that you and I are used to conducting business. For example, if your mortgage lender happens to live in New York, and Houston is 2 hours behind, you may have a hard time connecting with your lender at a time that is convenient for you. Local mortgage lenders have a better grasp on local market conditions and can have a rapport with the seller's agent - a good thing to have when facing multiple offer situations. It is important to interview lenders to find the right one for you. Make sure their rates are competitive and they are available when you need them.

DO I NEED 20% FOR MY DOWN PAYMENT?

Most of the time - NO! There are some programs that allow you to put down as little as 3%. And, if you're a veteran, doctor, dentist, or lawyer, there are options to put 0% (yes, ZERO) down. Your best bet - talk with a lender to see what makes sense for your particular situation.

WHY SHOULD I USE A REALTOR WHEN BUYING A HOME?

A REALTOR like myself will have your best interest in mind when crafting your offer throughout the negotiation period and will help you get to the closing table faster and with less stress. We not only help you search for your new home, we gather all pertinent information about each particular home you are interested in and explain the facts about each scenario. My job as a REALTOR is to be a fiduciary to my clients. That means that as a recognized and licensed REALTOR, I will act on behalf of my clients, putting my clients' needs above my own, preserving trust and good faith.

WHEN SHOULD I CONTACT MY INSURANCE AGENT?

Once you find a property you would like to put an offer on, you should reach out to your insurance agent ASAP. They will not only provide a rough estimate of what your homeowner's insurance might cost, they can pull records on the home and identify if any claims have ever been made on that particular property, including flood claims, which is important information here in Houston!

Nicole Pepper is a licensed real estate professional in Houston, Texas, and a certified REALTOR.

DO I NEED FLOOD INSURANCE IN HOUSTON?

This depends on a variety of factors. The type of loan you have with your lender may require you to carry flood insurance. Most of the homes in Houston lie in a flood plain and, even if they haven't flooded in the past, it might be a good idea to obtain that flood insurance in case of a natural disaster. It's best to talk to your insurance agent and your mortgage lender to identify the necessity and also the risks associated with not carrying flood insurance.

WHAT IS AN 'OPTION PERIOD'?

An 'Option Period' is the first few days of your contract. Once both parties (buyer and seller) have agreed to all the terms laid out in the buyer's offer, the offer is then signed by the parties and becomes an executed contract. When crafting your offer, you will decide how many days you want for your Option Period. Typically, this time period is anywhere from 5-10 days, but can vary. During your Option Period, you will do all your due diligence of performing inspections, contacting your insurance agent, and identifying if this is, in fact, the right home for you. Based on inspections, we may negotiate repairs or money in lieu of repairs during the Option Period.

You will pay an Option Fee, which is different, and less than, the Earnest Money Fee. The Option Fee is typically a few hundred dollars and is like insurance for the seller should you not move forward with the contract. If you (the buyer) terminate the contract for any reason during the Option Period, the seller will retain the Option Fee, but you will be reimbursed the Earnest Money. Both of these transactions are held with the Title Company.

DO I NEED TO DO A HOME INSPECTION?

How do I say yes without telling you what to do? In all seriousness though, a home inspection is highly, highly, encouraged, even if a home inspection has been done within the last few weeks or months. The home inspector you choose will be licensed by the state of Texas, but just because they all have the same rules to follow, doesn't mean they are all the same. The inspectors I recommend are always non-biased and provide an educational, not an alarmist, overview at the end of the inspection, explaining each item to the buyer in a way you simply can't see on the report. Just remember – there is not a single *perfect* home. And even if you purchase a NEW CONSTRUCTION HOME, you should still perform a quality home inspection.

IS IT A BAD IDEA TO PURCHASE A STUCCO HOME?

It is not a bad idea to purchase a stucco home, but with the levels of humidity we have here in Houston, you must be a little more diligent during your inspection period with these types of homes. If not properly maintained, stucco homes can get cracks and when water seeps in, mold growth can occur. Your REALTOR (me) can help identify if the home has had previous stucco repair or issues, and how it was remediated. If necessary, you may perform a stucco inspection, which is an invasive inspection, but generally a good idea to get the full scope of the home you are interested in buying.

WHAT DOES THE TITLE COMPANY DO?

Think of the title company like a middle-man for all of the legal documents and funds during a transaction. The title company gathers all documents from both the seller and buyer and begins building the documents each will sign at the closing table. They do research on the home itself, ensuring that there are no additional liens, owners, etc. on the property other than what is stated by the seller. Additionally, they hold all funds – including your option and earnest fees – and maintain non-biased integrity throughout the process.

WHAT SHOULD I LOOK FOR WHEN READING A SELLER'S DISCLOSURE?

The seller's disclosure should give you a good snapshot of the bones of the home. Sellers are required to share any knowledge about the home's function/dysfunction. The disclosure will tell you the approximate age of the roof, if there has been previous flooding, what types of utilities the property and home has, and if they have completed any repairs since owning the home. I will help you review this document and point out areas we might want to inquire on further, or keep an eye out for when performing your inspection.

WHAT PERCENTAGE OF THE FINAL HOME SALE PRICE DO YOU CHARGE?

As a buyer, you are generally not responsible for paying your REALTOR's fees. This is a seller fee. There is no *standard* percentage, but most often the seller will pay 6% of the sales price to the agents – 3% will go to the seller's agent and 3% will go to the buyer's agent. Sometimes this can vary and for various reasons. There are only very, very rare cases which I would charge my buyer clients the 3% commission fee and this would be discussed ahead of time. Please note: I have never charged my buyer clients a fee to work with me.