



FIRST-TIME HOME BUYER GUIDE

Congratulations on your home search! Shopping for your first home can be intimidating, but we hope that this guide can make it feel more manageable for you. TimberCraft Homes has been a leading builder of contemporary homes in the Oklahoma City area since 2008. This guide is for general informational purposes and is not intended to be personal financial or legal advice. Contact our team at 405-347-7916 if you have any questions.



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DECIDING WHAT YOU WANT

Before seriously shopping for a home, it's essential to consider what you want to look for.



SETTING YOUR BUDGET

Deciding how much you are comfortable with and can spend on a house is a personal decision, but here are some factors to consider that may help.

- **Monthly Income and Expenses** - How much money do you bring in monthly, and how much do you have left after expenses? If you don't already, start tracking expenses to get solid data on these numbers.
- **Down Payment** - How much do you have, or can you save, towards a down payment? If you put 20% down, you may get a lower interest rate and avoid private mortgage insurance (PMI). However, that number is unrealistic for many, and lenders may accept as little as 3% down, depending on the loan type.
- **Housing Affordability** - How much can you spend on housing each month? Some experts recommend staying under 28% of your gross income. This number should include:
 - **Mortgage principal and interest** - The most significant piece of your mortgage payment will be the principal balance and interest accrued on the loan.
 - **Homeowners insurance** - Homeowners insurance can protect your property from various disasters, and many mortgages require you to have it.
 - **Private mortgage insurance (PMI)** - Low down payments may result in lenders adding [private mortgage insurance](#) to the loan for some time.
 - **Property Taxes** - What are the annual property taxes in the area you're looking at? Some lenders may factor this into your monthly payment and pay them for you from an escrow account.
 - **Homeowners Association (HOA) fees** - Are there HOA fees in the community you're interested in? Is it a monthly or annual fee?

There are several calculators online, like [this one from NerdWallet](#), that can help you determine your affordability that may help.

LOCATION

Where you want to get a home can significantly affect the styles, prices, and availability of homes. Here are some questions to consider when choosing desired locations.

- What proximity do I want to work or school?
- What type of commute do I want?
- How close is it to doctors and amenities?
- Do I want a large yard or an urban feel?
- Do I want a family-friendly community?
- What are the taxes in each area?
- How well-rated are the schools?
- What are the crime rates?
- What are the trending prices of homes in each area?
- How competitive is the housing market in each area?



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HOME TYPE

There are several types of homes you could choose from, such as town homes, single-family homes, or duplexes. To help you narrow it down, ask questions like the following:

- . Do I want to share a wall and other components with my neighbors?
 - . Is a private yard important to me?
 - . Do I need a space for working or schooling from home?
- . How many bedrooms do I need?
 - . How many bathrooms do I need?
 - . Do I want dedicated off-street parking? How much parking do I need for visitors?

Asking these types of questions can help you prioritize your wants vs. your needs to decide which homes are a fit for you.

FEATURES AND AMENITIES

This is where some more fun comes in. What are the features and amenities that are important to you in a home? Do you want a pool? Do you want stone countertops or new appliances? Do you want a soaker tub? Do you want the latest in energy efficiency and safety features?

Write a list of the features and amenities that are important to you. Next to each, write “want” or “need” to help you prioritize properties that might not fit everything.

NEW VS. EXISTING HOMES

Deducing whether to buy a new construction or an existing home will impact your purchasing and living experience. Consider these factors to help you make the choice:

- . **Expense** - New homes may have a slightly more expensive listing price, but older homes come with additional costs, like repairs and maintenance.
 - . **Maintenance** - On that note, maintenance in older homes is more expensive than in new. 26% of homeowners in old homes spend more than \$100 monthly on maintenance. 73% of homeowners in new homes spend less than \$25 per month on maintenance.
 - . **Energy Efficiency** - New homes use the latest innovations in energy efficiency, while older homes likely use inefficient appliances and exterior components. This can lead to higher energy bills in old homes, which eats into your monthly budget.
- . **Repairs and Renovations** - When you close on a new home, it’s ready for move-in. Better yet, if you work with the builder during construction, they can personalize things like paint color to your tastes. With old homes, you may have a long list of major repairs and renovations that consume your time and money before moving in.
 - . **Safety** - New homes are built to all of the modern safety standards, whereas old homes may not be. Things like lead-based paint, asbestos, and faulty electrical wiring can pose safety concerns for your family.
 - . **Lifestyle** - New construction homes utilize modern styles to fit your modern life, like work-from-home spaces and open floor plans. If you prefer smaller rooms or historical features, an older home may be for you.



CHOOSING THE BEST TEAM

A solid team of experts will significantly improve your home-buying experience, especially as a first-time home buyer.



REAL ESTATE AGENTS

Your real estate agent is your primary guide through the whole home-buying process. They can help you be sure you're completing all paperwork and proper steps per the legal requirements in your area.

When choosing a real estate agent, consider these factors:

- **License and Training** - Ensure the agent is licensed to practice real estate in your state. You can also ask questions about what kinds of training and experience they have.
- **Recommendations** - Has anyone you know worked with this agent? If not, does the agent have good reviews or references?
- **Communication** - How easy is the agent to get in contact with? When making major, time-based decisions, you want someone easy to get ahold of.



- **Patience** - As a first-time home buyer, you might need some extra education and guidance through the process. Choose a real estate agent who will explain things to you and doesn't throw out confusing jargon.
- **Local Expertise** - Ideally, you want someone experienced with the local market in your desired area.
- **Interests** - Will the agent have only your interests in mind, or are they also able to work on behalf of the seller in the same deal?



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FINANCING OPTIONS

When considering financing, you have a lot of options. Before committing to a lender, you can shop around to see who offers the best terms and rates.

MORTGAGE TYPE

Multiple types of mortgages may be suitable for you. This [article from Bankrate](#) covers the top five most popular types of mortgage loans.

PERKS OF USING A PREFERRED LENDER

When working with builders to buy a new home or even purchasing an existing home, preferred lenders may offer you incentives.

For example, TimberCraft's preferred lenders offer programs that help homeowners cover closing costs or permanently lower their interest rates.

Some real estate brokers will also have partnerships with particular mortgage lenders. Working with their partners can make the process smoother and offer increased flexibility if you need adjustments.

FIRST-TIME HOMEBUYER PROGRAMS

Many programs exist to offer assistance to first-time home buyers, such as contributing to down payments or closing costs, decreasing interest rates, or waiving PMI. Some apply to specific groups, like teachers and veterans. Do thorough research if you plan to use these programs, as they often have strict criteria.

HOW TO CHOOSE A QUALIFIED BUILDER

If you purchase a new construction home, you'll want to be sure you've chosen a qualified builder with a good product. Here are some tips to guide your choice.

- . **Ask for reviews and references** - Have previous buyers been happy with the building process and the quality of the homes?
- . See a home before signing on to build one - Visit a completed project before building your own to see the quality of work for yourself.
- . **License and insurance** - Ensure the builder is properly licensed and insured to avoid legal problems.
- . **Experience** - How experienced are the builder and their crews? Have they been building for years, or are they just getting started?
- . **Transparency and communication** - In your initial conversations with the builder, are they transparent about their processes? Do they answer your questions and offer good communication?
- . **Quality of materials** - Does the builder choose notable, brand-name products or cheaper alternatives?
- . **Inspections** - Does the builder follow regulations and get third-party inspections throughout the process?
- . **Process and timeline** - If building and not choosing a previously completed home, thoroughly understand the builder's process and timeline for construction.
- . **Warranty** - Does the builder stand by their work? What warranties do they offer to cover structural components and systems in the home?



MAKING AN OFFER AND CLOSING ON A HOME

You're in the home stretch now! Making an offer (or signing a contract to build a home) and going through the closing process is an exciting time, but it can be stressful if you don't know what to expect. Here are some tips to make the process a little less intimidating.



MAKING AN OFFER

Congratulations, making an offer on an existing home or signing a contract to build one is an exciting time! We know it can be scary, too, so here are some tips to help you through the process.

CONTRACTS AND PAPERWORK

Throughout the process, there will be many contracts and pieces of paperwork that you must review and sign.

Take the time to understand everything before signing, but don't hesitate to ask questions. Your real estate agent or builder should be able to answer basic questions about the purpose of each document. For more complex queries, a real estate attorney is the best resource.

Here are some basic types of paperwork you might have to sign:

- **Sales Contract** - This outlines the details of your offer. For an existing home, it might include the price, earnest money deposit, financing details, closing date, and any contingencies (like inspections or appraisals). When building, it can consist of the specifics of the build. Both the buyer and seller/builder must agree to these conditions before it becomes binding.
- **Amendments or Change Orders** - If any aspect of the deal is modified or added, an amendment must be signed by both parties. This can be for repairs, credits, changes in design for new builds, negotiations, and more.
- **Contingency Addendums** - These may outline the details of a contingency based on inspection, appraisal, financing, etc.
- **Disclosures** - These would share any known details about the property's condition, like known issues or lead paint.
- **Escrow and Financing Documents** - These will outline the details of any money held in escrow and your financing agreement with your lender.
- **Warranties** - If you purchase a home warranty or a builder offers one, you may have to sign a document to accept the terms.
- **Closing and Final Walkthrough Documents** - These will state that you have had a final walkthrough of the property, are happy with its condition, and will complete your sale.

NEGOTIATION

When making an offer on an existing home, your real estate agent can suggest strategies to help your offer be more competitive. Ultimately, the final decision is up to your comfort level. Here are some tips for negotiating with a seller or a builder.

- **Research** - Understand the market, area property values, recent sales, and the seller's motivations.
- **Set Goals** - Define your maximum budget and any other terms and conditions that are most important to you.
- **Take a Breath** - Don't feel the need to respond right away. Take a moment to let your emotions settle and think logically before deciding.
- **Start Strong** - Start with an offer you feel good about. Especially in a competitive market, sellers may only consider first offers.
- **More Than Price** - An offer is more than price alone. You can also use elements like timelines, inspections, or types of financing to appear more competitive. This is where understanding the seller's motivations can help. For example, a seller looking to leave a property quickly might appreciate a faster timeline.
- **Win-Win Solutions** - When submitting a counteroffer, consider solutions that benefit both parties.
- **Walk Away** - If the offer doesn't work with the goals and priorities you set initially, walk away. A home is a long-term commitment, so you don't want



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HOME INSPECTIONS

Home inspections help buyers by making them aware of any significant issues within the home and providing potential leverage for negotiations.

A general home inspection will look at major components of the home, which may include:

- . Structural elements, like the floors, walls, and stairs
 - . Exterior features, like the roof, siding, and decks
 - . Plumbing
 - . HVAC systems
- . Major appliances
 - . Fireplaces and chimneys
 - . Windows and doors
 - . Electrical systems

Buyers can also elect from several specialty inspections if desired, depending on the age and condition of the home. These include:

- . Radon testing
 - . Wood-destroying organism (WDO) inspection (a.k.a. Termite inspection)
 - . Mold inspection
 - . Foundation inspection
 - . Lead-based paint inspection
- . Asbestos inspection
 - . Pool inspection
 - . In-depth plumbing and sewer inspection
 - . Soil inspection

HOME APPRAISALS

Before your mortgage is officially approved, the bank must perform an appraisal. An appraisal is an unbiased assessment of the value of a home. Typically, the buyer pays for the appraisal fee, around a few hundred dollars.

If the appraisal is lower than expected, the bank may delay or cancel mortgage approval.

CLOSING

As we discussed in the paperwork section, the closing process involves a lot of paperwork. On an existing home, the buyer typically has a walkthrough before closing to make them aware of the current state of the property. A builder will normally also do a final walkthrough to be sure homeowners understand how everything works in the home and are happy with the condition. Both parties may make final adjustments to the deal at the closing table if something comes up at the walkthrough.

After final negotiations, both parties sign documents to lock in the sale and financing, and the keys are handed over to the buyer.

YOU ARE NOW A HOMEOWNER AT THIS STEP. CONGRATULATIONS!



Buying or building a home doesn't have to be scary if you have a general idea of what to expect. At each step, take a breath and check in to make sure you understand and are comfortable with what you're agreeing to. There are many agents and advisors out there to offer personalized guidance and answer any questions.

If you have any questions about the new home building process or want to explore new construction, move-in ready properties in the OKC area, contact TimberCraft Homes today.

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