

HOMEBUYER'S FAQ'S

1. What steps are involved in buying a home?

Answer: After you make the decision to buy a home, you'll want to plan a budget and contact a real estate professional to guide you through the entire process. You'll also need to research and compare available lenders to finance your home beyond your down payment. Your real estate professional will likely be able to suggest prospective lenders if you need assistance in choosing one. A lender will pre-qualify you for a loan in the amount it determines you to be able to afford, so that sellers will consider you a serious and capable buyer. Once you're pre-qualified, your real estate professional will begin showing you possible homes. When you decide on a particular home, your real estate professional will make an offer on your behalf to the home's seller—usually for a price slightly less than the asking price. This may lead to a counter offer, meaning that the seller tries to negotiate your purchase price closer to his or her original asking price. Once both parties agree on an amount, your real estate professional will work with a title insurance agent and/or escrow officer to draft all necessary paperwork. He or she will then schedule a date for you and the seller to meet for the closing, where the transaction is completed and ownership is officially transferred from seller to buyer.

2. What steps are involved in selling a home?

Answer: The steps involved in the home-selling process are very similar to those involved in the home-buying process. Once you have made the decision to sell your home, you will need to establish an asking price for it. While some sellers successfully sell their homes on their own, a for-sale-by-owner arrangement can be complicated and will require a great deal more of your personal time throughout the process. For this reason, most people consider the commission paid to a real estate professional well worth the investment, for the convenience, time savings and overall guidance provided. Real estate professionals will also be able to tell you if your asking price is appropriate for your property or home. In addition, they will manage the marketing of your home—from front-yard sign to MLS listing—while guiding you in preparing the home to be shown to potential buyers. Once a prospect makes you an offer, you can either accept the proposed purchase price or make a counter offer. When both parties agree on a price, your real estate professional will work with a Roger McGehee Jr, Attorney to draft all necessary paperwork. He will then schedule a date for you and the buyer to meet for the closing, where the transaction is completed and ownership is officially transferred from seller to buyer.

3. What is title insurance, and why do I need it?

Answer: Title insurance is an insurance policy that protects you against loss that could result from defects in the title of the property you are buying. The premium is paid only once and is good until the property's ownership changes. Unlike most types of insurance which protect policyholders from future events title insurance protects you against defects that could already exist.

4. What does a home warranty cover?

Answer: There are two Home Warranty services in the Jackson metro area offering a variety of home warranty options to cover a home's appliances and major systems such as air conditioning, heating, electrical and plumbing. Coverage offered varies by package and state, so contact for details specific to you. Home warranties provide peace of mind to buyers and add value to their property for sellers. One is First American Home Warranty, see <http://home-warranty.firstam.com/>, the other is American Home Shield, see <http://homewarranty.ahs.com/>. As of May 1, 2013, the home warranty prices start at \$385.00. You can get add-ons for an additional cost. See the websites mentioned in this paragraph for details. Prices are always subject to change.

5. How can I further research properties, neighborhoods, area schools and other demographic criteria important to me in my quest for a new home?

Answer: A good way to locate the ideal location for your next home is to visit the Jackson Association of Realtor's Multiple Listing Service at <http://homesearch.jacksonrealtor.com/>

6. What are the different types of housing available to home buyers, and what are the advantages and disadvantages of each?

Answer: **A single-family home** refers to a free-standing property that does not share walls with other nearby homes or structures, and that is built from the ground up at the site of its foundation, on its own piece of land. The pros for owning a single-family home include the fact that the owner owns everything — the home itself as well as the land it is on, and as such is able to landscape, remodel or rebuild the home to the extent desired. Possible disadvantages to owning a single-family home may include the fact that the owner is responsible for all repairs and maintenance, as well as any remodeling done to both the interior and exterior. He or she will also likely have fewer amenities than high-density living structures which often provide swimming pools, tennis courts and more as part of homeowners' association fees charged.

A townhouse is a home that is attached to one or more other houses, located on a specific property that the townhouse owner also owns. Townhouses can range drastically in size and architecture, including multi-unit structures such as duplexes or triplexes. Advantages to owning a townhouse can include less financial responsibility for exterior maintenance and repair costs, heightened security afforded by a more high-density community and amenities for which the homeowner is not directly responsible (pool, tennis courts, etc.). Disadvantages often include less privacy than with a single-family home, less freedom to alter the home's exterior and a monthly or yearly homeowners' association fee.

A condominium, or condo, is very similar to an apartment in terms of structure and multi-unit design. Often, apartments are converted to condos as the result of changes in complex ownership and management. Condominium owners own only the interior of their dwelling — from the walls inward — and, just like with an apartment, their home is attached to their neighbors'. All condominium owners who live in a particular complex share the financial responsibility for maintenance and repairs to the overall property and building exteriors, through payment of a monthly homeowners' association fee and, if necessary, a special assessment requiring a one-time payment of a predetermined amount. Possible advantages to owning a condo include less individual financial obligation for exterior home repairs and a lower purchase price than a single-family home or townhouse. Disadvantages may include greater difficulty when selling a condo, as compared to single-family dwellings and townhouses, monthly homeowners' dues, less privacy than with other types of housing and usually a complete lack of freedom to alter the exterior of the home in any way.

A manufactured home, once typically referred to as a mobile home, is a single-family home that is built at a location other than the land on which it sits. Most manufactured homes are modular in structure, and final assembly occurs on the home site after separate “pieces” are transported from the manufacturing plant to the homeowner’s property. Advantages to owning a manufactured home may include that it is often a less-expensive means of acquiring a single-family residence, and in the event the owner moves to another property or sells the home, it may be easily transported to another location. Disadvantages include an obvious limitation in architectural options (since the homes are built off-site and then moved) and, often, reduced longevity in the durability of the home. A manufactured home or mobile home usually depreciates rather than appreciates. In the recent real estate downturn many homes have also gone down in value, however, it looks as though values seem to be rising again.

7. What are Flood Zone Determinations?

Answer: Simply put, flood zone determinations define geographic areas, or zones, according to their flood history using a classification system that assesses the potential for rainfall to be converted to storm water runoff. This information is very important to a buyer because it will likely affect insurance availability and cost. Likewise, it is important to a seller to know how the flood zone determination for his or her home may affect the sale of the home. Your lender will let you know if the home that you want to purchase is in a flood zone. If the home is in a flood zone, you will be required to purchase flood insurance or you will not be able to get a loan.

What is a 1031 exchange?

Answer: A 1031 exchange refers to legislation that allows an investor to sell a property, reinvest the proceeds in a new property and as such defer all capital gain taxes. For information on a 1031 exchange go to www.irs.gov and enter 1031 exchange or search the internet for 1031 exchanges.