

The South Florida  
**Homebuyer Guide**

2024  
Edition



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**LIFESTYLE**  
INTERNATIONAL REALTY



Hi.



I'm Ivan, and before we get started, I wanted to take a moment to thank you for downloading this eBook. Go you!

If you're reading this, then congratulations on taking a massive step toward homeownership: The advice contained in this book took me years to amass, and I'm happy to have a chance to share it with you.

I wrote this book to answer a lot of the questions I get asked on a daily basis about the home-buying process, as well as to give you a few insider's tips on how to make your offer shine, and how to make sure you get the house you want at the best price possible.

But more than anything, I wrote this book to help **YOU** make the best decision for yourself, your family, your finances, and your future.

So read on, and if you have any other questions, feel free to reach out.

Your agent and friend,

**Ivan Blanco**  
**Real Estate Sales Associate**  
**Lifestyle International Realty**



# The Home Buying Process



Even if you have bought or sold a home in the past, the real estate process can be confusing. This chart will help you better understand the steps involved in your real estate purchase. My job is to tie the steps together as smoothly as possible and to advise you along the way.

**From making an offer to closing, you can expect the process to take about 21-30 days.**



# Gather Financials and Figure Out How Much You Can Afford

Before you start looking at homes for sale, get your financial house in order. First, request your credit report from all three bureaus (Equifax, Experian, and TransUnion). Comb through each report to ensure it's accurate — and fix any errors you spot!

Next, compile all the documents you may need to provide to a loan officer, including pay stubs, bank statements, and two years of tax returns.

## Financials and Mortgage Payment

- Request your credit report from all 3 credit bureaus (Equifax, Experian, and TransUnion). Fix any errors you spot!
- Compile necessary documents, including pay stubs, two month's worth of bank statements, and your past two tax returns.
- Determine how much of a payment you are comfortable with. Don't forget you will have taxes and insurance on top of your base mortgage payment!

## To Rent or Buy: Weighing the Benefits

### Pros of Renting

*May be easier on your budget*

*More flexibility for sudden moves*

*No hassle of home maintenance*

### Pros of Buying

*May include tax benefits*

*It can be an equity-building investment*

*Total control over your living space*

You can calculate how much you can afford by starting online. There are several online mortgage calculators that will help you calculate an affordable monthly mortgage payment. Don't forget to factor in money you'll need for a down payment, closing costs, fees (such as fees for an attorney, appraisal, inspection, etc.) and the costs of remodeling or furniture.

**Remember that you usually don't have to put down 20 percent as your parents once did.** There are loans available with little to no down payment. An experienced home loan expert can help you understand all your loan options, closing costs and other fees.

**I'd be more than happy to connect you with a great lender in the area if you need one.**

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### Mortgage Calculator

Monthly Payment by Interest  
\$2,251

## Research Mortgages and Lenders

Credit score and financial documents in hand, you're ready to start researching options for your home loan.

Take advantage of online aids. You can comparison shop from a diverse group of reputable lenders in all 50 states, ranging from small, regional providers to larger, well-known brands. You'll get a personalized quote and can read lender reviews and ratings to help gain insights into which lender is right for you.

Find out if you qualify for a special loan, such as a Veterans Affairs (VA) loan or any special home buying financing options, such as down payment assistance (more on that later).

**Quick Tip: In today's market, not all mortgage pre-approvals carry the same weight. Opt for a mortgage bank over a commercial bank (i.e., Wells Fargo, Chase, etc.). Doing so makes your offer that much stronger to sellers, as mortgage banks have a much higher chance of closing the loan.**

MIN. CREDIT SCORE / DOWN  
PAYMENT NEEDED

FHA: 580 (3.5% DOWN)

CONVENTIONAL: 620 (3% DOWN)

VA: 620 (0% DOWN)

### Research Mortgages and Lenders

- Find out if you qualify for a special loan, such as a VA, FHA, or HUD home buying program.
- Request quotes from multiple lenders and comparison shop for loans.
- Get preapproved for a mortgage and receive your letter.





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## FHA loan

### The Skinny on the FHA Loan

So now that you're up to your neck in alphabet soup (FHA; VA; HUD; R-E-S-P-E-C-T; etc.), it's time to break down the FHA loan.

**FHA (Federal Housing Administration):** This is often mistaken as a "first time home buyer loan," but the reality is that there are no limits as to how many times you can buy with an FHA loan. The caveat, however, is that your FHA loan has to be used on a property that is considered your primary residence. You cannot use an FHA loan to purchase a rental property or a vacation property. Therefore, you can only have one FHA loan at a time.

FHA is a great option for people who have a less-than-ideal credit score (minimum 580 at 3.5% down; less than 580 at 10% down) and/or low reserves for a down payment. Because the risk of default is higher on an FHA loan than a traditional loan, each FHA loan is coupled with a mortgage insurance premium (MIP). This premium is added on top of your monthly mortgage payment to protect the lender in the event of a default, and lasts the lifetime of your loan. It cannot be cancelled.

For that reason, many home buyers begin with an FHA loan, and then opt to refinance in the future to remove that MIP.

Another con of the FHA loan is that it limits the types of properties a buyer can finance on. According to the Uniform Residential Appraiser's Report, FHA will ask the appraiser the following question: "Are there any physical deficiencies or adverse conditions that affect the livability, soundness or structural integrity of the property?"

Because FHA wants to ensure your safety (and their investment), most "fixer uppers" or properties with major structural or safety issues will not qualify for a traditional FHA loan.

When it comes to condos or homes with an association (HOA), FHA acceptance will be case-by-case, as each association differs.

**FHA Loan Limit on a Single Family Home in Miami-Dade, Broward, and Palm Beach County is \$621,000 as of January 2024.**

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## Down Payment Assistance

Ah, the good stuff, right?

Each individual lender offers their own incentives to get clients to finance through them. Some institutions offer lender credits, while others can guarantee a lower rate. Shop around and see who can give you the most bang for your buck.

Please remember that even though it may seem like a sweet deal (and it often is), down payment assistance (DPA) **IS NOT FREE MONEY**. Rather, it is often an interest-free loan that helps absorb some of the initial costs of getting into a home.

For more info, check out the following links from each of the major South Florida counties, as each county as different loans available.

- Miami-Dade: <https://www.miamidade.gov/global/housing/downpayment-assistance.page>
- Broward: [broward.org/Housing/Pages/Homebuyer.aspx](http://broward.org/Housing/Pages/Homebuyer.aspx)
- Palm Beach: <https://www.myfirstfloridahome.com/palm-beach-county.html>

Each county will vary on criteria, DPA amount, loan terms, etc., so if you have questions about a particular county, feel free to ask me!



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## Find the Right House: Setting Expectations

No one can "sell" you on a house: When a buyer knows a property is for them, then the house sells itself. That said, it's important to sit down with your family and think about what you all want out of your home. If there isn't a clear, concise vision, it can lead to frustration in the future. Chances are this is the biggest financial decision you'll ever make, so make sure everyone is happy and on board.

### Setting Expectations

- Talk things over with everyone involved in the purchase so that everyone feels heard and is on-board. Make sure you have a clear vision of what you want and why.
- Try not to fall in love with a home until the closing date. The market is tough, and competition from other buyers is fierce.
- If this is your first house, see it as a means to an end, and this is the first stepping stone.

***Fast Facts: The average home shopper in South Florida put in 2-4 offers in 2023 before landing their home, so don't despair!***

If you are a first-time home buyer, it's important to set expectations. While we all want our first home to be our forever home, statistics show that the average first-time home buyer only lives in that home for 5-7 years. Chances are this won't be your last property, so it should instead be treated as a stepping stone toward building your wealth, and putting you one step closer to that forever home.





## Beating Multiple Offers

Face it. We live in one of the most competitive real estate markets in the country, and you're likely to face competition when buying a home. That said, here are a few ways you can get a leg up on your competition.

Larger Earnest Money Deposit: The earnest money deposit (EMD) is what locks you in to a real estate deal legally, as it's the claim you now have on the property so that no one else can swoop in and buy it from under you. In Florida, the average EMD is 1-2% of the asking price, but if you want to make your offer shine, consider upping the ante to, say, 5-10% if you can.

Get Aggressive with the Dates: Sellers want to close as fast as possible, so find a lender that can close your deal fast. I've seen lenders close in as little as 15 days, though 21 days is usually the average for a rushed closing. Use this same strategy to shorten up Inspection Periods, Appraisal Periods, etc. The seller wants you to have as few "outs" as possible. If you really want that house, consider getting aggressive.

Do a Pre-Inspection: An alternative is to have a pre-inspection done. A pre-inspection occurs before both parties enter into a contract, so that the buyer can feel secure in their purchase, and the seller can get a stronger offer on the table. A pre-inspection is not as thorough as a full inspection, but when facing multiple offers, some risk has to be assumed.

**Find more tips on the next page**

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## Beating Multiple Offers

**Waive Inspection:** The inspection period allows you a certain number of days (up to 15) to have the house inspected for anything you'd like. If, for whatever reason, you find something in the inspection that you don't like, you can ask the seller to fix it, give credit for it, or walk away without losing your earnest money deposit. In a tight situation, this period can be waived, though I would never recommend this unless the buyer was purchasing a newly constructed home.

There is one final option, but...



**Waive Appraisal:** The appraisal contingency allows the buyer to walk away with their EMD if the home appraises for less than the asking price and the seller does not want to negotiate further. Usually, in cases like these, the parties meet halfway, as neither side wants to lose the deal. As a last resort, the buyer can choose to waive that contingency and put up their EMD as collateral.

Understand that doing so means you forfeit the EMD if the deal falls through because of an appraisal issue.

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## Make an Offer on the Home

Now that you've found the home you want, you have to make an offer. Most sellers price their homes a bit high, expecting that there will be some haggling involved. I will provide you with a report of comparable homes in the area and what they have sold for. Once you've made your offer, don't think it's final. The seller will likely counter-offer, to which you can also counter-offer. But you don't want to go back and forth too much. Somewhere, you have to meet in the middle. Once you've agreed on a price and terms, you'll make an earnest money deposit, which is money that goes in escrow to give the seller a sign of good faith.

### Making an Offer

- Receive your comparable market analysis.
- Decide what price and terms you're comfortable with.
- Submit offer with Ivan!

## Close on Your Home

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### Closing on Your Home

- Home inspection completed.
- Closing date set.
- Transfer utilities and get homeowners insurance.
- Closing money saved.

Make sure you get a home inspection before you close. It will be well-worth the money spent since it ensures the property's structural soundness and good condition.

Setting the closing date that is convenient to both parties may be tricky, but can certainly be done. Remember that you may have to wait until your rental agreement runs out and the seller may have to wait until they close on their new house.

Be sure you talk to your mortgage banker to understand all the costs that will be involved with the closing so there are no surprises. Closing costs will likely include (but are not limited to) your down payment, title fees, appraisal fees, attorney fees, inspection fees, and points you may have bought to buy down your interest rate.



# most common home CONTINGENCIES

Inspections	Financing	Ownership
 benefits buyer		 benefits seller
buyer can choose home inspectors	ability for buyer to sell current home	sale depends on ability to find insurance
full disclosures	ability for seller to find next home	seller can prove full ownership of property
demand repairs	specific down payment percentage	buyer can choose title company
home condition	buyer secures loan	buyer loan is at an acceptable rate
permission to inspect new construction home throughout		

## TIPS



If all contingencies are not met, the other party can either back out of the deal, or meet a new, agreed upon price.



Fewer contingencies makes your bid more appealing. The highest offer doesn't always get the property.



The buyer has the power in contingency issues, but you should still ask your agent how best to handle each term.

## CLOSING COSTS 101: WHO PAYS WHAT?

### KNOWLEDGE IS POWER:

Don't find yourself off guard at closing. Federal law requires buyers and sellers to receive a copy of the settlement statement identifying all charges in the transaction.



## SELLER

CLOSING COSTS RANGE **6-10%**  
from purchase price



### COMMISSIONS

Paid to listing and selling agent. Average is 5-6%



### LOAN PAYOFF

Any remaining balance with prorated interest



REAL ESTATE TAXES  
Prorated



### ADDITIONAL FEES

- Homeowner Association Fees (prorated, if applicable)
- Termite Inspections
- Home Warranty (optional)
- Home Repairs/Credit (found during home inspection)



## BUYER

CLOSING COSTS RANGE **2-5%**  
from purchase price



### HOMEOWNERS INSURANCE

Typically for one year



### LENDER'S FEES

Appraisal costs, origination fees, etc.

### TITLE & ESCROW FEES

Title insurance, taxes, etc.

### ADDITIONAL FEES

- Home Inspection (**Between \$300-\$450**)
- Credit Report Fees
- Flood Certification/Insurance



### CLOSING TIPS:

- Prepare for the home inspection. Appearances matter, so thoroughly clean your house. Make sure all outlets, light switches, etc. are working properly.
- Don't cancel your homeowner's insurance or utilities until AFTER the closing.
- All closing costs are negotiable.



### CLOSING TIPS:

- Review all loan documents in advance.
- Ask questions to ensure you are fully aware of what is expected and what is needed at closing.
- Take the day off! Closing can be a stressful process even when it goes smoothly.

## LOAN ESTIMATE VS. CLOSING DISCLOSURE

There is a difference: These documents look identical EXCEPT for the purchase price.



### LOAN ESTIMATE

You will need to request this from your agent or lender after applying for a loan.



### CLOSING DISCLOSURE

You will receive this document a few days before closing. Review charges and ask any questions before your closing day.





## Odds 'n Ends

### **Why should I use a Buyer's Agent?**

There are a a lot of moving parts in a real estate transaction, so it's important to have someone on your side to negotiate on your behalf and keep track of things so you don't wind up losing money or in legal trouble.

### **So how much does it cost to use a Buyer's Agent?**

Nada. Zip. Zilch. Zero. In Florida, unless specified, real estate agents are paid from the seller's proceeds. A buyer is not beholden to pay an agent anything for their services.

### **I'm not preapproved. Should I look at houses?**

I don't recommend it. The preapproval tells you how much you qualify for and for what type of loan. Not all properties will qualify for the same loans.

### **What about buying an auction property?**

Auction properties are best left to cash investors. When you buy one, 99% of the time they are cash-only, and even then you are purchasing a property as-is, and often unseen. You are also legally tied to all liens, violations, and/or unpaid taxes on the property.



## Odds 'n Ends

### **I want to buy land and build on it.**

Cool! That's doable, but everyone else has the same idea. Most land deals in FL are cash only, and even then you have to do a lot of diligence to see how much it will cost to run electricity to it, not to mention water, septic, etc. Costs can add up very quickly, and a build usually takes between 12-18 months at minimum, so you'd also have to factor in where you'll live in the interim.

### **How about mobile/manufactured homes?**

Totally! But we have to make sure the lender will finance that, as many lenders will not. There are stricter criteria for mobile/manufactured, and insurance tends to be pricier, so we can judge it on a case-by-case basis.

### **What's the best month to buy?**

Between October and March, because everyone is settled in for the holidays & school year, which means little competition. Summers are always the busiest time because kids are out of school, tax returns have been received, and people want to make the move before school starts.

### **Does pineapple belong on pizza?**

Anything can be a pizza topping if you believe in yourself.



"Ivan helped me find and buy a new home in a very hot market. I had very little familiarity with the areas I was looking to buy in, and even less of an idea what kind of home I wanted. He was patient and a great source of expertise throughout the entire process."

**- Saunnie Hawkins (Naranja, FL)**



"Ivan helped my two roommates and me find an apartment in Homestead, and he made the process way more simple than it could have been had we done it ourselves. I highly recommend him, and I can't thank him enough for his help."

**-Ethan Perrigoue (Homestead, FL)**



"Ivan is so professional. We were lucky to have him as our buyer's agent so that everything went and because things went so smooth, we got our dream house. Since we're first-time house buyers, he guided us every step of the way and explained any questions we had. He wrote a great contract and helped us beat multiple offers. Having the right agent is a key to get the house in nowadays since the inventory is low and I'll recommend him to everyone I know."

**-Chris & Nella Wagner (Miramar, FL)**



"Ivan was super professional and transparent throughout the process, explaining every step of the process patiently and thoroughly. He provided me with sound planning of shopping strategy and figuring out the right place for my needs. I would definitely seek his advice again should I navigate this process again in the future."

**-Paola & Carlos Ruiz (Miami, FL)**





**Ready to take the plunge?  
Contact me today at:**



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