

*The Expert's Guide to*  
**BUYING**

**EMERALD COAST PROPERTY**



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# DISCLAIMER

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This guide serves as a foundational resource to assist prospective buyers in initiating and navigating the home-buying process. Primarily tailored to the Emerald Coast region of Florida, certain details may not apply in other regions.

This guide is not a substitute for working with a licensed Real Estate Agent. The authors do not offer assurances or warranties regarding its contents. Given the intricate and diverse nature of property transactions, it is not possible to address every scenario within these pages..

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## BEFORE THE SEARCH



“

When a man does not know what harbor he is making for, no wind is the right wind.

Annaeus Seneca

”

## KNOW YOUR BUDGET

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Sounds simple, right? It can be, if you take the following steps.

1. Talk to a lender. The only way to know for sure what your monthly payment will be is to speak to a real, live lender. Your interest rate will be affected by your credit score, your use of the property, your down payment, the loan type and terms, and other factors. Get a Pre-Approval letter BEFORE you begin your search.
2. Get an estimate of your closing costs to confirm you have enough cash on hand.
3. Factor in HOA fees/Condo Fees. Get the latest numbers, and be sure to ask about special assessments and capital contributions.
4. Understand property taxes will likely increase after the sale. In most cases, the amount paid by the current owner will be less than the amount you'll pay.
5. Look ahead: consider repairs, utilities, and maintenance.



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## CONDOS

You may love the idea of a condo due to the lower price tag, the community amenities, and the reduced maintenance. Before you start ordering condo furniture online, there are a few things to keep in mind.

1. Condo loans come with higher interest rates and higher down payment requirements. Most lenders will require a minimum of 20% down.
2. Condo Association fees in the area are usually several hundred dollars per month. Be sure to make room in your budget for those monthly assessment fees.
3. Monthly Fees may include some of the utilities, and almost always include insurance on the exteriors. You'll just need a relatively inexpensive homeowner's insurance policy called an "HO-6" for contents and liability.
4. Be aware of potential "Special Assessments" imposed by Condo Associations for unexpected expenses. These are extra fees charged to owners, and can be significant at times.
5. Condo Rules and Regulations vary. Some allow short-term rentals, some do not.

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## VACANT LAND

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land resources



1) Flood Zones - FEMA designates a flood zone for every lot in our area. The zone determines how elevated the base of your structure will need to be. Some flood zones such as AE and VE have been determined to have a high likelihood of flooding, and flood insurance will be required by a lender in these areas. Flood zone "x" is considered "high and dry" - unlikely to flood, and flood insurance may not be required by lenders. Homes built at the proper base elevation can be surveyed and issued an elevation certificate, which may allow you to waive your flood insurance.

2) Land Use - The county or municipality (town) where the lot is located will designate the zoning and land use for the lot. You will need to consider the regulations for that land use category to be sure it fits your needs. For example, each land use category has a residential density requirement. In other words you can only build so many homes per acre. Duplexes are only allowed in certain categories. Want to live in an RV? Only certain land use categories will allow this.

3) Deed restrictions/ HOA covenants - Even if no HOA is active in the neighborhood, there could be regulations for the subdivision that were put in place when the land was originally divided.

4) Wetlands - Wetlands are protected ecosystems and are common in our area. Lots containing wetlands will have additional Studies and permitting required in order to build.

## GETTING UNDER CONTRACT



“

If you think it's expensive to hire a professional to do the job, wait until you hire an amateur.

Red Adair

”

### MAKING OFFERS

**Offers should always be made in writing.** While it may be tempting to just “ask the seller if they’ll take \$----”, the seller is going to want to know what the other terms of the contract are. A contract is made up of dozens of terms, each affecting the negotiation process.

When you put an offer in writing, you’re starting a legally binding conversation, and sellers are more likely to respond.

Sellers also require proof of funds with any offer. If you’ll need a loan for your purchase, proof of funds will be a pre-approval letter from your lender. Cash buyers will need a bank statement or letter from their banker/financial advisor.

## MAKING LOW OFFERS

### LOWBALL OFFERS

Can you lowball? When you have a contract with an agent, that agent is legally & ethically required to present all offers you want to make. But a lowball offer is always a risk, since the seller may take offense and refuse to negotiate further.

A good rule of thumb: If you're afraid of losing out on the property, don't lowball.

A lowball offer is most likely to be accepted when ALL of the following are true:

1. **The Seller is motivated to sell**
2. **The property has been on the market for awhile**
3. **There have been no recent significant price drops**
4. **There are no other offers on the table**

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## TERMS EXPLAINED

### What is a Contingency?

A contingency is like a stoplight in a contract. The sale cannot legally proceed until the light turns green, or in other words, the contingency has been satisfied.

Some examples of common contingencies:

*Financing Contingency:*

The buyer must qualify for a loan.

*Inspection Contingency:*

The buyer must have time to complete inspections & request repairs.

*Home Sale Contingency:* The buyer must sell another property.

Contingencies should always have deadlines. Some contingencies provide that a buyer's earnest money will be returned if the contingency isn't satisfied.



## INSPECTION VS APPRAISAL

**Are inspections and appraisals the same? No.**

***Inspections:*** Inspections are detailed examinations of the condition of the property. These are generally optional and are ordered by the buyer.

They are performed by licensed Inspectors for each discipline. Some common inspections:

*General Inspection:* A top-to-bottom overview of the home's condition.

*WDO Inspection:* "Wood Destroying Organisms". Often called a termite inspection, they also look for evidence of other wood destroying insects, as well as for wood rot.

*4 Point inspection:* A report often required by insurance companies that states the age and makeup of a home's 4 major components: Roof, HVAC, Plumbing, and Electrical.

*Wind Mitigation:* Also called "Wind Mit". A report requested by some insurance companies stating whether the home has any high wind resistant features in the form of things like extra roof anchors or hurricane rated windows & doors.

## INSPECTION VS APPRAISAL

### ***Appraisals:***

Appraisals are usually required by lenders.

If a buyer is paying with Cash, an appraisal is optional. Appraisals are performed by licensed Real Estate Appraisers.

Unlike inspections, appraisal visits are usually quite brief, and are simply confirming the location, size, features, and overall livability of the property. Appraisers determine the market value of the property based on how it compares to recent surrounding home sales.

Lenders will only issue a loan up to the amount an appraiser determines as the fair market value.

Example: You go under contract to purchase a home for \$500,000. The appraiser visits and says the home is only worth \$490,000. Your lender will not loan you more \$490,000.

## EARNEST MONEY DEPOSIT VS LOAN DOWN PAYMENT

### ***Earnest Money Deposit:***

This is money a buyer sends to the title company to secure a contract. Earnest money is customarily 1% of the purchase price.

Usually, Earnest Money must be deposited at the title company within 3 days of your offer being accepted.

If the sale goes through, your earnest money deposit will be applied to your closing costs on closing day.

### ***Loan Down Payment:***

This is the amount you pay your bank up front in order to get a loan. Your loan down payment is paid on closing day. Some government backed loans have down payments as low as 3.5% of the purchase price, other loans will require 25% or more. You must speak with a lender to determine your down payment requirement.

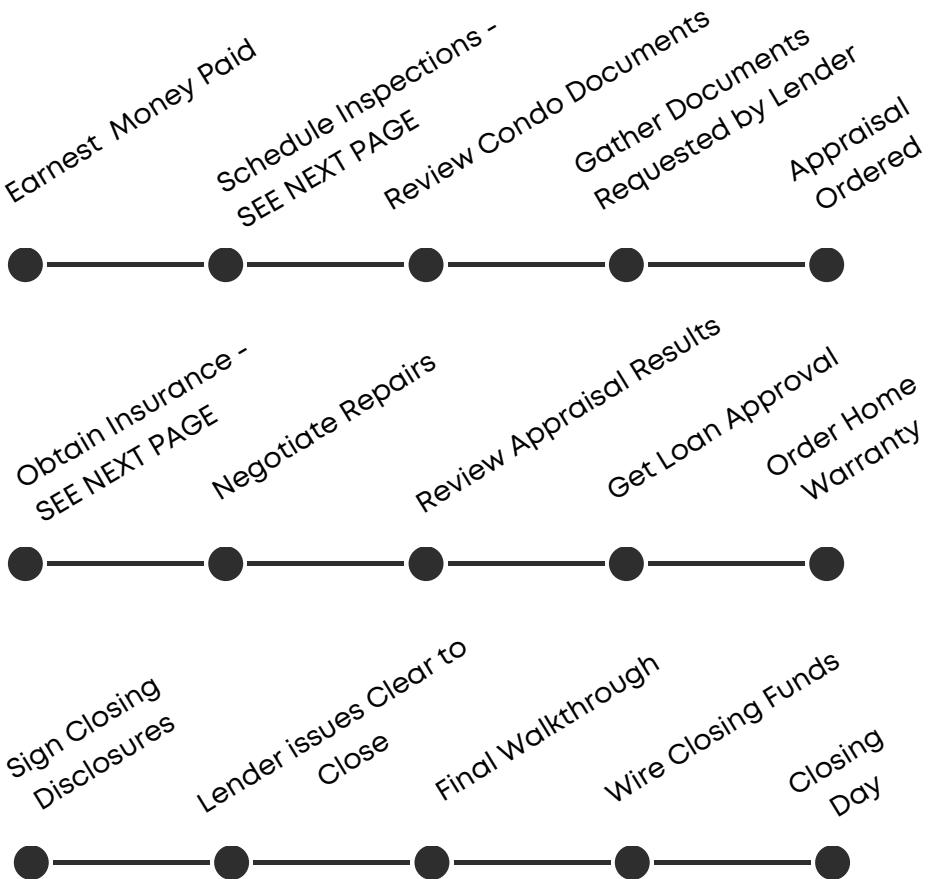
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# FROM CONTRACT TO CLOSING DAY



## THE CLOSING PROCESS STEP BY STEP



## REFERENCES



scan for Inspection references



scan for Insurance references

## QUALIFYING FOR YOUR LOAN DO'S & DON'TS

**DO COMPLETE YOUR LOAN APPLICATION.** An initial mortgage pre-qualification (usually an online form) is just the first step. Now you need to complete a full application and provide the supporting documentation to the lender. This will be submitted to underwriting for final loan approval.

**DO avoid credit inquiries or applying for any new credit.** In other words, do not purchase a car with a loan, apply for a new credit card (even at the cash register of your favorite store), etc. This prevents a lowering of your credit score or raising of your debt-to-income ratio.

Close on your home FIRST, THEN go car shopping.

**DO pay all your bills on time.** Late payments can trigger a red flag to your lender.

**DO keep all of your personal documents** including pay stubs, bank statements, proof of earnest money deposit, and other docs requested by your lender. For new construction, your lender will ask for these documents again before you close.

**DO keep your lender informed** of any major life changes including your marital status, change in household size, or change in household income (increase or decrease).

***DON'T accrue any new debt.*** Any new charges to your credit cards should be paid off immediately.

***DON'T enter any deferred payment plans.*** This is a popular option when purchasing furniture, but resist the urge! Even if the payments won't start until six months down the road, they will show on your credit report as debt and affect your debt-to-income ratio and possibly your credit score.

Close on your home **FIRST**, THEN go furniture shopping.

***DON'T close any revolving credit accounts,*** even if they have a \$0 balance. This could actually LOWER your credit score as it will change your percentage of available credit, credit history, mix of credit, and account payment history.

***DON'T co-sign on any loans.*** Even Co-Signing will affect your debt-to-income ratio and credit score.

***DON'T bounce any checks.*** Non-sufficient funds/overdraft fees trigger a red flag to lenders.

***DON'T change jobs or become self-employed without discussing it with your lender first.*** Your pre-approval is based on your current job history and income, so making a change — even if it is moving to a higher-paying job — could change your ability to qualify for your new home.

***DON'T change your method of funding your down payment:*** At the last minute you decide to sell your valuable teapot collection to fund your down payment? Your lender will be suspicious you received a loan from someone else, which would increase your debt-to-income ratio. Delays are likely as you scramble to prove the new source of your down payment money.

**KEY TAKEAWAYS:** You can give yourself the best chance of a smooth closing if you keep your income, debt, and credit history the same as you wait for your loan approval.

# Meet Julie Endsley

Licensed Florida Real Estate Agent  
Realtor®



*Hello.*

Thank you for reading my guide, I hope you found it helpful. If you're wondering about buying, selling, or investing on the Emerald Coast of Florida, and would like to get real answers from a trusted 5 star agent, please feel free to reach out! I can be contacted via email or text anytime.

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