

# A guide to buying a property in Florida:

## 1. THE DECISION TO BUY

Whether you are a first-time home buyer or entering the marketplace as a repeat buyer, you should define your reasons for purchasing a home. Are you planning to move to a new community due to a lifestyle change or is buying an option and not a requirement? What would you like in your new home that you do not now have? Do you have a purchasing timeframe?

When buying a home in Florida, your Realtor (Real Estate agent) manages your home purchase for you.

You arrange your financing / mortgage.

Your Estate agent will find a homes that makes your criteria through a portal and arranges viewings for you, they negotiate on your behalf house prices. You arrange for a Home Inspection. Your Estate agent (Realtor) will negotiate the rectification of any issues raised.

## 2. THE MORTGAGE PRE-APPROVAL

Florida has a vibrant real estate market. The demand for homes and for home financing is very high. It is strongly recommended that buyers be "Pre-Approved" for a mortgage prior to starting the home search process. Although the pre-approval is not a final loan commitment, your pre-approval letter is an asset when bidding on a home. It demonstrates your financial strength and shows that you have the ability to proceed with a purchase. This information is important to owners; it gives them confidence in your offer and your intentions. We have found that owners are more flexible to respond positively to a pre-approved buyer since they save time and effort and eliminate the risk of accepting an offer the might fall through because financing could not be obtained.

## 3. HOME SELECTED - PLAN THE APPROACH

Negotiating the purchase agreement is part of every transaction. Good preparation lets you negotiate the best price and terms obtainable. Your Realtor

## 4. MAKE THE OFFER

Once you have previewed suitable homes and have found one you think is perfect, you are ready to make an offer! Typically, in Florida, you and your broker (Estate Agent) will complete an offer that will be presented to the owner and /or owner's representative. This purchase offer will be carefully prepared and presented by your Realtor sales associate. At this point, you will be expected to include a deposit, usually a percentage of your offer price, as earnest money. The owner, in turn, may accept, reject, or make a counter-offer. Because counter-offers are common (any change in an offer can be considered a counter-offer), it is important for buyers to remain in close contact with their Realtor during the negotiation process so that any proposed changes can be reviewed quickly.

## 5. OFFER ACCEPTANCE

An accepted buyer offer leads to a legally binding purchase contract. The contract is a signed agreement between the seller and the buyer.

## 6. HOME INSPECTIONS ORDERED - PERFORMED

In order to protect your investment, we encourage you to have a home inspection done prior to finalizing your transaction. The home inspection should be ordered within 10 days of the contract being signed. A number of inspections are common in Florida. They include inspection for termites, wood-boring insects, radon problems, mechanical and structural defects. During these examinations, a certified inspector determines if there are material physical problems and whether expensive repairs and replacements are

likely to be required within the next few years. Such inspections for a single-family home often require two or three hours. This is a safety net for our clients and any home inspection issues will be addressed by your sales associate immediately after the inspection results are received.

#### **7. MORTGAGE COMMITMENT - TITLE WORK AND SURVEY PERFORMED**

At this time in the process you, a buyer, has already been pre-approved for a loan and await your final mortgage commitment . Typically, a final written mortgage commitment is received in 30 to 45 days. Whatever time frame is specified in the contract of sale, normally after 10 business days, the balance of the usual 10% deposit is due. The process of ordering a survey, and title work now begins.

#### **8. THE WALK -THROUGH - THE CLOSING**

The walk-through inspection is performed the day of the closing. The walk-through of the home you're about to close on lets you re-confirm the condition of the home before the closing takes place.

Settlement at closing is a brief process in which the necessary paperwork needed to complete the transaction is signed. Typically, both buyer and seller are at the same table, sometimes with each party completing their paperwork separately. The buyer traditionally arrives 45 minutes earlier than the seller to handle the mortgage paperwork. Title to the property is transferred from seller to buyer. The buyer receives the keys and the seller receives payment for the home. From the amount credited to the seller, the closing agent deducts money to pay off the existing mortgage and other transaction costs. Deeds, loan papers, and other documents are prepared, signed and filed with local property record offices.

#### **IMMOVABLE PROPERTY BUYING COSTS IN STATE OF FLORIDA:**

Conveyance Usd500,00

Surveys & Valuations Usd200+

Mortgage arrangement fees up to 1%

Mortgage Broker Fees up to 1%

Title Search & Insurance 0.5 – 1.0% (Buyers)

Recording Fee 0.20 – 0.50% (Buyers)

Legal Fees 0.5 – 1.0 % (Both parties pay)

Property Transfer Tax 1% – 1.425% (Seller)

Real estate Brokers Fee 6% (Seller)

Property under construction 50% deposit, rest on completion

If property is built, 20% deposit is payable initially, rest on completion plus 2,5% fees(conveyance, title search, insurance, admin fees).

## **Seller Disclosure Requirements in Florida**

State law in Florida (*Johnson v. Davis*, 480 So.2d 625 (Fla. 1985)) requires sellers to disclose any facts or conditions about their property that have a substantial impact on the value of the property and that others cannot easily observe. This can include details on the property as:

- contents such as specific appliances, and whether or not they need repair
- defects in the electrical and other house systems
- conditions such as termites or asbestos, and
- homeowners' association fees, deed restrictions, and other specified details of the property.

Seller disclosures are important for you as a buyer, since just looking at a property may not be enough to tell you what problems its owner encountered with it while living there.

In addition to state-required disclosures, sellers of houses built before 1978 must comply with federal Title disclosures regarding lead-based paint and hazards.

## **Home Inspections in Florida**

Buyers should not rely solely on the seller's disclosures, however, but should hire an independent home inspector to verify the information from the seller's disclosure. Many buyers make their offer **contingent** upon a satisfactory inspection report to be sure no material defects exist and to identify the following:

- termites and other pests
- soil settlement, drainage, or erosion issues
- noise and odor problems
- conditions that could lead to mold
- foundation and structural integrity, and
- the condition of the heating and cooling systems; electrical; plumbing; walls; drainage; basement; and flooring.

## **Title deeds in Florida**

A buyer should always obtain a title search from a title company before purchasing a home. The title company searches public records and other sources for **any liens, easements (such as the utility company's right to access part of the property), or other encumbrances or title restrictions that may affect the property.** If the title search locates problems, the buyer should require the seller to correct those problems as a condition to closing.

You should also consider purchasing a title insurance policy to protect the title to the property against adverse claims by third parties, or any clouds on the title missed by the title search. Mortgage companies usually require buyers to purchase a title insurance policy in connection with obtaining a mortgage.

All properties are Freehold in Florida

## **Key things to consider to ensure a smooth closure**

Real estate closings can be with complications and setbacks, but they can go smoothly and quickly — if planned for carefully.

You may think that an “all cash” deal would go through closing faster than a sale that involves a mortgage — but that is not always the case. Unresolved title issues, such as an unknown mechanics lien from a former building contractor or boundary or unsettled disputes from the past can show up.

Also, serious structural problems with the property may be revealed in an inspection report, and they can cause weeks or even months of delay. The buyer’s cash to close might not arrive to the closing agent in time, or the wrong amount may be received. In order to prevent these potential problems — and others — there are several things you can do.

One common issue that often delays a closing is repair disputes. If you are the seller, it’s a good idea to have a general building inspection before you list your house for sale. You may find problems that you were previously unaware existed, and you can then either correct them, or consider selling your property in an “as is” condition.

Keep in mind, however, that you may be required by law to disclose any “known” structural defects to the new buyer. You may not necessarily have to repair the problem, but you would need to be sure that you make an exclusion for that needed repair in your agreement with the buyer. Prior to closing, be sure that the property is in the condition promised — all required repairs completed and the house and yard cleared of any personal items, including old cars, tools, trash.

Ask a real estate agent, local title company or closing agent to perform a “preliminary title report” for your review — especially if you suspect there is or might be a possibility of a prior lien, estate or divorce problem that could affect your title to the property. If you review this report early on — even before you offer your house for sale — and clear up any existing issues, you will avert a possibly long delay due to title defects.

The buyer should always stay in control of the closing, try to be as involved in the process as possible.

### **Buyer’s Home Closing Checklist**

- Have you made a final walk-thru inspection of the property?
- Is the condition of the house or property as it should be? Are there any personal property items left behind by the Seller. Is everything in working order? Did you order a Home Warranty policy for future repairs? If so, did you review that policy?
- Are you satisfied that the Seller provided you with all required disclosure documents or any known defects on the property?
- Have you carefully reviewed your mortgage closing documents? Are the lender’s closing costs as they represented they would be? Are there any “junk fees” added on that you do not agree to? Are the names correct on the mortgage or Deed of Trust documents?
- Is the loan amount, interest rate, term of the loan, and prepayment penalty correctly stated? When will your first mortgage payment be due? Where will the payment be made?
- Do you agree with the title fees being paid to the title company, attorney, or escrow agency? Are they the same as previously quoted to you?
- Do you understand the apportionments, those items or costs of which you will pay a portion of or be given a credit for? Are the prorated dates and amounts correct?

- It is clear on which day you will take possession of the property? Will the Seller hand over the keys on the day of closing or at a later date?
- Is the purchase price correct on the closing documents?
- Have you been credited for all deposits put into escrow either by you or on your behalf?
- Is your name correct on the grant deed? Is it spelled correctly, and does it include your correct middle initial? Is the manner in which you will take title stated correctly? Is the legal description of the property correct? Does this description conform with the one given in the title report? Are all the easements and rights-of-way properly listed?
- Were any questionable items on the title report removed or explained to your satisfaction?
- Are you paying for fire insurance yourself outside of escrow or through the closing agent? Is the premium correct and is the policy for a full year?
- Are the property taxes being paid in full? Ask when the next property tax bill will become due.
- Check that the return address on the Deed is where you will want the recorded Deed to be sent. (you will want to keep this official document in a safe place).
  
- **IMPORTANT - Disclaimer :**  
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- **We always recommend you take legal advice from a fully qualified local Lawyer or Notary before buying a property overseas.**