



# TIPS AND RESOURCES FOR BUYING A HOME

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**FPG Title Group  
IS PROUD  
TO BE PART OF  
BRINGING  
YOU  
HOME**

At FPG Title, we believe it is our role to lead & coordinate the closing between all parties involved in the transaction, making the buying & selling process a more efficient experience. We will carefully prepare all closing documents required for the real estate transaction, provide all necessary title insurance services while complying with all Florida title insurance standards.

It is our goal to keep you from being overwhelmed by the countless details of buying a property. Your personal closing coordinator will put all the pieces together for you. We will keep you informed and up to date continuously from the preparation of a preliminary HUD-1 closing statement and throughout the transaction as certain milestones are achieved. And we strive to make sure the signing of the closing documents is convenient for all parties.

We're excited to partner with you through this process!

**The FPG Title Team**♥

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# BUYING A HOME the process

The process of buying a home is a **HUGE PUZZLE** and you will need a **FULL TEAM** of experts in your corner to guide, protect your best interest, and bring all the pieces together. **Your realtor, lender, and inspector, and title partner are your TEAM and are on your side throughout this process** and here to help you achieve your Real Estate goals.

Working with a professional agent when buying a home, will take the stress out of the home buying process.

Top agents are trained market-experts, fierce negotiators, patient with your search, and will help lead this process so you know what to focus on next and so you feel comfortable every step of the way

The next few pages of this magazine will lay out the steps in this process, some common mistakes to avoid, and what will happen next during these days! *Happy Home Hunting!*



# BUYING A HOME

## THE PROCESS **at a glance**



# STEP ONE

## get pre-approved!

Unless you are planning to pay for your new home with cash, the first steps to homeownership is getting pre-approved for a loan.

**Pre-approval is your GOLDEN TICKET. Getting pre-approved means...**

- Knowing how much you can afford to spend when it comes to your new home.
- Pre-approval means being ready and having everything in place when you find the perfect home to be ready to write a strong offer.
- In this market, sellers require buyers to have a pre-approval letter or proof of funds. This will make your process seamless, quicker and can give you more power when negotiating.



### COMMON THINGS YOUR LENDER WILL NEED FROM YOU:

- CLEAR COPY OF DRIVERS LICENSE AND SOCIAL SECURITY CARD
- PAY STUBS FOR ALL BORROWERS COVERING THE MOST RECENT 30 DAYS
- W2 FORMS FOR ALL BORROWERS FOR THE MOST RECENT 2 YEARS
- PAY STUBS FOR ALL BORROWERS COVERING THE MOST RECENT 30 DAYS
- IF YOU RECEIVE SOCIAL SECURITY OR PENSION INCOME
- IF YOU OWN PROPERTIES OTHER THAN THE ONE YOU ARE PURCHASING
- ASSET DOCUMENTATION

Bank statements covering the most recent 60 days containing all pages, even if the page is blank. (A printout of the transaction history from your on line account isn't acceptable per underwriting guidelines unless it accompanies an actual statement and the reporting periods are consecutive.)

Retirement account statement covering the most recent 60 days if applicable

## OTHER THINGS TO START THINKING THROUGH

Every buyer and every situation is different. As you begin your search, it's important that your agent understands your goals and your preferences. Take the time to communicate these to your agent so they can best serve and partner with you during these coming days.

*When thinking about your needs we suggest you consider thinking about the following:*

- |  |  |
|--|--|
| <input type="checkbox"/> HOME REQUIREMENTS: Condo? Single Family? New Home? Single/ Multi-story? | <input type="checkbox"/> INTERIOR & EXTERIOR MUST HAVES                                |
| <input type="checkbox"/> DESIRED LOCATION: Location, Commute & Lifestyle                         | <input type="checkbox"/> TIME FRAME: Need to Sell your Home First? Ideal Move in Date? |



# FINDING YOUR HOME

## the search

There are lots of ways to find your new home.  
These are a few of the most common ways.

1



### MULTIPLE LISTING SERVICE (MLS)

Each regional MLS has its own listings, and agents pay dues to access and post homes on each one. Home sellers can't post their home directly to the MLS, because access to this database is limited to licensed agents and brokers who pay for membership. MLS access given by your agent to you gives you access to new homes as soon as they hit the market. This is typically the number one way buyers typically find and secure their new home.



*In your MLS PORTAL - you can 'heart' your favorite homes to let your agent know you are interested!*

2

### HIDDEN INVENTORY & OFF-MARKET PROPERTIES

In this market, your agent has to be an EXPERT on scouring for hidden inventory and finding off-market properties and homes not easily available to buyers. We cannot stress the importance of working with an agent that will turn over every rock out there to find your perfect home.







# 3

## BUILDERS & NEW CONSTRUCTION

**TIP:** When visiting a builder we recommend that you do not visit without your Agent. They will not allow us to represent you if you cross the threshold without us. Keep in mind reps you meet at a builder work for the builder. Your Agent has your best interest in mind and will be there every step of the way and make sure you and your interests are kept in mind throughout the entire transaction and can often find ways to negotiate key incentives.



# 4

## ZILLOW, REALTOR.com, ETC

**TIP:** Whatever you do - don't hit the inquiry form or else you will be contacted by lots of other area agents! If you're interested in a property from one of the major consumer search sites please just send your agent the address and they will be happy to do the research for you.

 **Zillow**  **realtor.com**  **Homes.com**  **trulia**



# 5

## FOR SALE BY OWNER PROPERTIES (FSBO)

**TIP:** If you find a property that is listed as a FSBO that interests you, please contact your Agent. Your Agent can contact and speak with the seller on your behalf, arrange a showing and ensure that you are protected throughout the sale should you decide to purchase the property. Please let your agent know if you would like them to include FSBO properties in your searches. The commission may need to be paid by the buyer in certain circumstances.





# MAKING AN offer

Once you've found the home and you are ready to make an offer, your agent will walk you through the contract. It is important to write a fair offer or you can run the risk of the seller not responding or even losing the property to another buyer making an offer.

Making an offer does not guarantee the seller will agree to your terms or take your offer. Your agent can partner with you on how to create the strongest offer to help create the best chance of being selected.

## YOU CAN NEGOTIATE MANY OF THE TERMS OF THE OFFER, INCLUDING BUT NOT LIMITED TO...

- Sale price
- Financing terms
- Earnest money amount
- Who will perform
- The settlement
- Title Policy
- Property condition
- Possession terms
- Contingencies
- Any special provisions
- Any exclusions
- Settlement and other expenses and prorations
- Casualty loss
- Default
- Mediation
- Attorney's fees
- Representations and warranties
- Effective date
- Date of closing

A blue door with a brass knocker. The knocker is ornate, featuring a circular top with a floral or sunburst design and two curved handles. The door has a classic panel design with recessed rectangular sections.

# SELLER DISCLOSURES 101

## **What is a Seller Disclosure?**

In Florida a seller of residential property is obligated to disclose to a buyer all facts known to a seller that materially and adversely affect the value of the Property being sold which are not readily observable by a buyer.

## **Is a Seller Disclosure mandatory in Florida?**

While a seller's property disclosure form is not required under Florida law, Florida law does require seller's and their realtors to disclose any significant material property defects that may not be easily visible to the buyer. Buyers still have the responsibility to have the property inspected.

■ Florida Statute §720.401, is a law that requires mandatory membership in a homeowner's association. This statute states that buyers looking to purchase real property in a community with an existing homeowner's association must be informed of their requirement to become members of the homeowner's association in the event that they buy the property. Additionally, members are required to pay monthly or quarterly fees as well as assessments, and risk a lien being filed on the property for failure to pay the homeowner association fees. As a consequence, if proper disclosures regarding the homeowner association disclosures has not been made, the sale can be voided.

■ Florida condo disclosures, are governed by Florida Statute §718.503 (1), (2), and (3), and pertain to the purchase of a condominium in Florida. These laws make it illegal for sellers and developers to not disclose prior to purchase all of the specificities that go along with condo ownership. These specifics include, right to review association documents and bylaws prior to closing, property management details, property management contracts, time shares, right to evaluate any recreational leases of the condo, proof of improvements, legal ownership of the developer or seller. The Florida Condo Disclosures must be made in writing which includes the statutory language by the seller of the condo.



# HOME INSPECTION

## 101 WHAT IS IT? SHOULD I HAVE ONE?

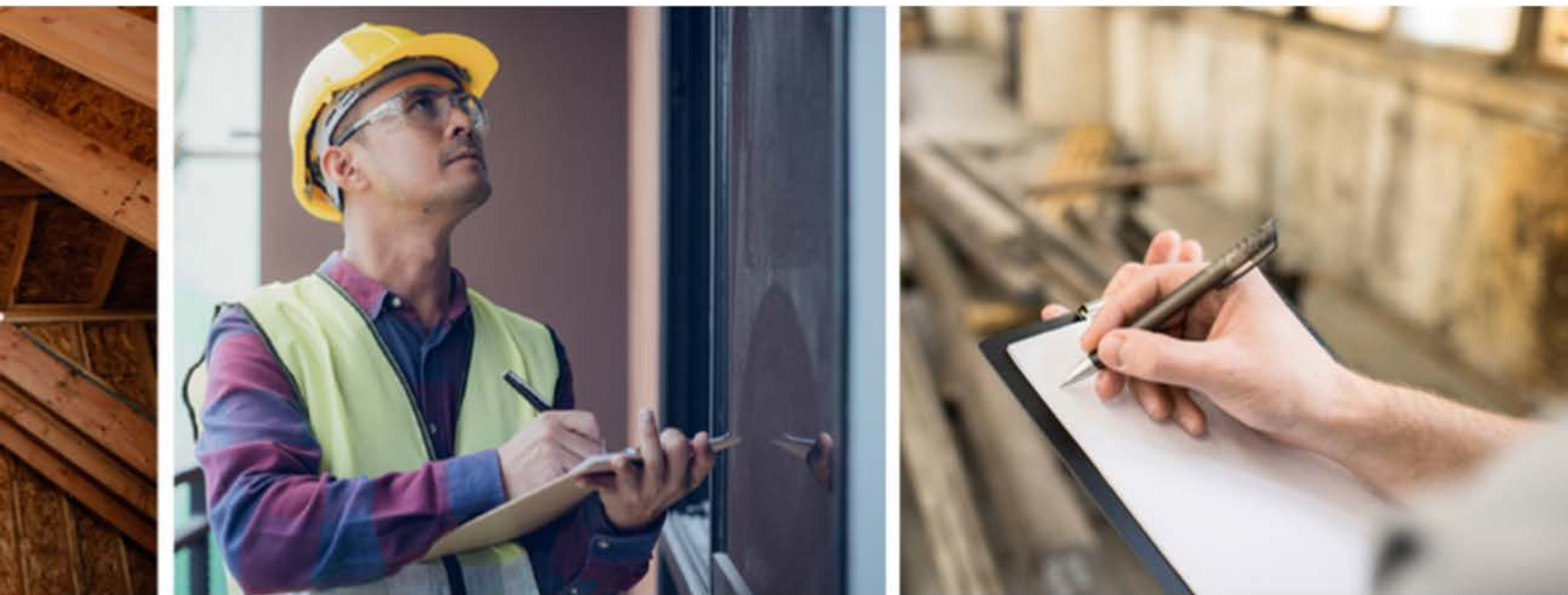


A home inspection is a visual assessment of a house's physical structure and mechanical systems, including the roof, ceilings, walls, floors, windows, and doors. The inspector will check that major appliances are functional, scrutinize the heating and air-conditioning system, examine the plumbing and electrical systems, and may even poke around in the attic and basement. The goal of a home inspection is to uncover issues with the home itself. Inspectors won't tell you if you're getting a good deal on the home or offer an opinion on the sale price.

*The home inspection happens after the seller has accepted your offer but before the purchase is complete.* To provide enough time for additional inspections or for negotiations with the seller, you'll want to schedule a home inspection as soon as possible once you're under contract.

### QUESTIONS TO ASK WHEN CHOOSING A HOME INSPECTOR:

- What is your state license number?
- Number of inspections you've completed?
- Are you fully insured? For general liability and errors & omissions?
- What certifications do you have? Are you a Certified Master Inspector?(CMI) Are you a member of the Florida Association of Building Inspectors?
- Are you a member of InterNACHI? Does InterNACHI provide a roof protection plan, sewergard, moldsafe warranty, appliance recall check, buy-back guarantee, structural and mechanical warranty if you complete my inspection?
- What types of inspections do you offer? (General home, wind mitigation, wood destroying organism, 4point, water quality, pool and spa, thermal imaging, etc)
- What systems do you include in an inspection?(Walls/foundation, roof, electrical, plumbing, hvac, doors/windows, appliances, pool/spa, visual mold, walkways, attic, fireplaces, etc)
- Are you a member of the BBB? Do you have testimonials or references available?
- Do you have a sample report I can review?



## TYPES OF INSPECTIONS:

*The inspection is not designed to criticize cosmetic issues in the home. It is intended to report on damages, problems that require repair or items that are not functioning correctly. Should the inspector find any serious problem, we will seek specialized professionals to further evaluate the issue.*

### A GENERAL INSPECTION

General inspection is a limited, non-invasive examination of the condition of a home, which will include checking appliances, plumbing, electrical, air conditioning & heating, ventilation, roof & attic, foundation, and general structure.

### A FOUR POINT INSPECTION

A Four Point Inspection focuses only on four main areas of interest in a home: (1) HVAC (Heating, Ventilation and Air Conditioning), (2) electrical wiring and panels, (3) plumbing connections, and (4) roof. The inspection and report describes the condition and age of these elements. For homes 25 years or older, this is an insurance requirement.

**insurance** ———  
**savings alert!**

### WIND MITIGATION

Wind mitigation inspections look for construction features that have been shown to reduce losses in hurricanes, such as a hip roof, concrete block construction, the presence of gable end bracing, shutters and opening protections, the presence of roof to wall attachments such as clips or hurricane straps, and the presence of a secondary water resistance barrier.

### WDO/TERMITE

A Wood Destroying Organism (WDO) inspection informs sellers, prospective buyers and lenders about any termite infestations and damage to the home due to wood pests and wood rot.





# APPRAISAL

## WHAT IS IT & DO I HAVE TO HAVE ONE?

### WHAT IS AN APPRAISAL?

A home appraisal is an unbiased estimate of the true (or fair market) value of what a home is worth. All lenders order an appraisal during the mortgage loan process so that there is an objective way to assess the home's market value and ensure that the amount of money requested by the borrower is appropriate.

A third-party appraisal, through your lender will order the appraisal management. The results of this appraisal are yours. The seller is NOT given a copy of the appraisal and will only need to know if the property does in fact appraise at the contract price.

# HOMEOWNERS' INSURANCE

## HOMEOWNER'S INSURANCE

(HOI) is a form of property insurance designed to protect an individual's home against damages to the house itself, or to possessions in the home.

Homeowners' insurance also provides liability coverage against accidents in the home or on the property. Homeowner's insurance rates will vary based on the coverage you select.

## QUESTIONS THE INSURANCE COMPANY MAY ASK YOU:

- Will this be your primary residence?
- Any bankruptcies, or foreclosures in the last 5 years?
- Your occupation and employer information
- Birthdays, marital status, and social security numbers
- If you own a dog, what breed?
- Have you had any homeowners insurance claims on any home in the last 5 years?
- Is your new home in a flood zone?
- How old is the roof, ac, & water heater of your new home?
- Does your new home have a federal pacific panel?
- Does your new home have polybutylene plumbing?

## SELECTING YOUR NEW HOI POLICY

These are some general questions to ask the providers, so you are certain of the coverage you select:

**1** What kind of homeowner's insurance policy do I need (HO-1 thru HOA-8), and what and who is covered under the policy? There are eight levels of homeowners insurance in the United States ranging from full homeowners insurance that covers everything in your home as well as all the contents. There is also homeowners insurance specifically for condos, mobile homes, renters and your priceless items.

**2** Does the policy cover replacement cost, and is it guaranteed replacement cost?

**3** Are there any exclusions to the policy? What is and isn't covered in your home, specifically. Your policy should thoroughly outline everything that is covered - if you aren't sure - ask.

**4** Does my policy cover any water damage? What will it cover?

**5** Should I consider any optional or extra homeowners insurance coverage? Flooding, hurricanes, and sink holes are often not covered, nor are your priceless paintings. There is optional homeowners insurance for these perils and items that are not covered with your insurance policy.

**6** How much is my deductible? Can I save money by choosing a higher deductible?

**7** Are there any safety features that I could install in my home that would save money on my policy and increase my protection (smoke detectors, alarm system, etc.)?

**8** How much liability coverage do I need if something happens on or away from my property?





# YAY

## IT'S ALMOST CLOSING DAY!

Before you know it, you will have gotten through the hurdles of inspection and appraisal and it will be time to sign the papers and pop some bubbly, and celebrate being a new homeowner!

- ☐ Approximately three days prior to closing, you will be **provided with closing documents (CD)** to acknowledge, and the final dollar amount you need to wire for closing.

You will need to wire closing funds directly to the title company. Unfortunately, we have seen a rise in online banking fraud these last years. We highly encourage you to call your escrow officer prior to sending funds to verify the transfer information.

- ☐ **A final walk-through** of the home will typically take place within 24 hours of final closing. Your Agent will take care of scheduling this with all parties. This is not another inspection. You will check to see if the sellers moved all personal property and left the property damage free. Make sure to check the A/C.
- ☐ **At closing**, all signers need to be present and will be expected to sign their names many times. You will eventually leave your home closing with a stack of documents (which you should save) and the keys to your new home!

*Plan ahead to bring **TWO FORMS OF ID** to closing  
and we'll be there to guide you through the rest!*

**WE CAN'T WAIT TO CELEBRATE WITH YOU!**

# YAY IT'S CLOSING DAY!

## WHAT HAPPENS AFTER CLOSING FOR BUYERS?

After you close on your home, we recommend you keep all records pertaining to your new home together in a safe place, including all purchase documents, insurance, maintenance, and improvements.

**KEYS TO THE HOME:** You will be supplied with a set of keys that unlocks the doors to your new home at or after closing. To ensure security, we encourage you to change the locks (re-key) the property upon moving in. **CHANGE OF ADDRESS/ASSIGNED MAILBOX:**

<https://moversguide.usps.com> Register with the local post office to change your address and get your mailbox key. You will want to bring a copy of the Closing Disclosure and Deed given to you at closing to prove your new address. **CONTACT THE HOA:** For access to your new community amenities, gate access codes/clickers, and payment coupon book. **OWNER'S TITLE INSURANCE POLICY & DEED RECORDED:** Expect to receive your policy by mail in 4-6 weeks. This is free to you! Once recorded in the official county records, the original deed will also be mailed directly to you. **LOAN PAYMENTS:** Instructions will be provided with the details to make your first loan payment at closing or by your lender. If you have questions about your tax and insurance escrows, or where to make this payment, please contact your agent or lender directly.

**PROPERTY TAXES:** Bills are released annually in November. At the closing, property taxes were prorated between the buyer and seller based on the occupancy time in the home. You may not receive a tax statement for the current year on the home you buy; however, it is your obligation to make sure the taxes are paid when due. Check with your lender to find out if taxes are included with your payment and if the tax bill will be paid by the lender from the escrowed funds.

### FILING FOR HOMESTEAD & PORTABILITY:

A homestead exemption reduces the taxable value of a home for property tax purposes. In the local counties in Central Florida, most deadlines fall on March 1st of each year.

[Be sure to fill out BOTH forms!](#)

### DRIVER'S LICENSE & VEHICLE REGISTRATION:

You will need to notify your state department of Motor Vehicles (DMV) after any relocation so a new driver's license can be issued. You will also need to have your auto registration transferred to your new address. Visit [www.dmv.org/fl-florida](http://www.dmv.org/fl-florida) for more information on the Florida state requirements.

### SURVEY:

You will receive a digitally certified copy by email or through your Qualia Connect portal. Keep this in a safe place as it will be useful for you in the future!



### BE ON THE LOOKOUT FOR FRAUD:

Be on the lookout for potential fraudulent scams that may come through email or the mail. "Your mortgage has been sold" or "order your property deed." Reach out to your lender/agent if you ever have a question.

## A FRIENDLY REMINDER

### BE SURE TO COLLECT:

- Keys Gate
- Clickers
- Mailbox #
- Gate Code
- Current Alarm Code
- Garage Code Garage
- Door Openers Trash
- days

### YOUR FUTURE TITLE NEEDS:

We have uploaded all of your closing documents to your secure Qualia portal. Please keep your link and your password handy so you can access your documents in the future. Please also keep us in mind [if you refinance or sell your home within the next three years](#). We will issue you a [discount](#) on your Owner's Title Policy and reduce your closing fee from \$595 to \$195!





# 5 THINGS TO DO WHEN MOVING

*exciting and stressful! Here are five things you can do to make moving day a breeze.*

---

## 1

### CONNECT YOUR INTERNET/UTILITIES

When you move, you will need to connect your utilities. The utility company will need your new address, your preferred connection date, contact number and identification.

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## 2

### CHANGE YOUR ADDRESS

Go to [USPS.com/move](https://usps.com/move) to change your address online. This is the fastest and easiest way, and you immediately get an email confirming the change.

**Also, be sure to update the following:** Magazine or box-style subscriptions Your car insurance and registration provider Your driver's license Your details on the electoral roll Your bank And online shopping accounts (ie: Amazon, etc)

---

## 3

### UPDATE YOUR NEW CONTACT INFO

Although it's important to make sure you officially change your address with relevant businesses and the post office, it's also important to update your friends and relatives. Send a text message or email notifying people of your new address!

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## 4

### PACK AN UN-PACKING BOX

One of the first things you need to pack when moving house is an unpacking box. This box should contain allen keys, any tools you might need to construct furniture, labeled zip lock bags with screws from furniture you dismantled in the move, scissors, screwdrivers, masking tape, dust cloths and glue. Having these items all in the same box will save you time and your sanity when setting up your new home.

---

## 5

### PACK A FIRST NIGHT BOX

Just as important as the un-packing box, the first night box is essential to a successful move. It should contain a change of clothing, basic toiletries, toilet paper, pajamas, towels, bed linens and any other essentials you may require like tea bags or a coffee pot. It makes such a big difference when you aren't frantically searching through boxes at midnight trying to find your toothbrush!

# HOA

## BUYING A HOME IN A COMMUNITY WITH A **HOMEOWNER'S ASSOCIATION?**

**AVOID PITFALLS AND SURPRISES BY ASKING THE FOLLOWING QUESTIONS TO THE MANAGEMENT COMPANY DURING YOUR INSPECTION PERIOD.**

1. What are the dues for the Master HOA?
2. Is there a secondary association? What are the dues?
3. Is the buyer required to pay a CAPITAL CONTRIBUTION FEE at closing?
4. Is there a TRANSFER FEE?
5. Does the Association need to approve the buyer? Future Tenants?
6. Does the Association have First Right of Refusal to purchase the property? (Condos)
7. Is the community in LITIGATION?
8. Are there any current or proposed SPECIAL ASSESSMENTS?
9. Are there any outstanding violations that need to be addressed before closing?
10. Are there any LEASING RESTRICTIONS?
11. Can the property be leased for SHORT TERM PERIODS?
12. PET RESTRICTIONS? Size: # of: Breeds:
13. If gated, does the HOA have adequate reserves to replace roads and maintenance requirements?
14. If you have a pet, you may want to ask if the property be fenced?
15. Are commercial vehicles allowed?
16. Are boats and/or RV's allowed to be parked on the property?

### **WHICH OF THE FOLLOWING ITEMS ARE INCLUDED IN THE HOA FEE?**

Lawn Care	Basic Cable	Internet	ReClaimed H2O
Deeded Access to a Ski Lake	Boat Slips	Boat/ RV Storage	

### **TOWNHOMES/ CONDOS:**

Pest Control	Trash	Roof Repairs and/ or Replacement	Water
Building Exterior	Building Insurance	Storage	Assigned Parking Space #

### **PLEASE PROVIDE THE FOLLOWING HOA DOCS: (ALL FIVE ARE REQUIRED FOR CONDOS)**

HOA ByLaws and Rules	Declarations	Articles of Incorporation
Annual Budget	FAQ's	

HOA Governing Documents: These documents (homeowners' association CCRs and governing documents) are either matters of public record and can be obtained from the County Clerk's Office where the property is located, or are not recorded and can be obtained from the developer.





# SAVING YOU MONEY

## HOMESTEAD EXEMPTION

Property owners in Florida may be eligible for exemptions and additional benefits that can reduce their property tax liability. The homestead exemption and Save Our Homes assessment limitation help thousands of Florida homeowners save money on their property taxes every year.

### HOMESTEAD EXEMPTION- MUST BE FILED BY MARCH 1ST

All persons seeking a homestead exemption must file form DR-501. Check with your local office for filing instructions. **You will need:**

- Recorded deed or Tax bill
- FL auto tag registration
- SSN for each owner
- Proof of residency
- FL Driver's License
- FL voter registration

**FOR A COMPLETE LIST OF APPRAISERS, VISIT**

<http://dor.myflorida.com/dor/property/appraisers.html>

## TAKE YOUR PROPERTY TAX SAVINGS WITH YOU!

### SAVE OUR HOMES PORTABILITY TRANSFER

If you are moving from a previous Florida homestead to a new homestead in Florida, you may be able to transfer, or "port," all or part of your homestead assessment difference. If you are eligible, portability allows most Florida homestead owners to transfer their SOH benefit from their old homestead to a new homestead, lowering the tax assessment and, consequently, the taxes for the new homestead. To transfer the SOH benefit, you must establish a homestead exemption for the new home within three years of January 1 of the year you abandoned the old homestead (not three years



**FREE TOOL:**

**Find out much portability you have at [PortabilityPros.com](http://PortabilityPros.com)**

after the sale). You must file the Transfer of Homestead Assessment Difference (Form DR- 501T) with the homestead exemption application. The deadline to file these forms is March 1. Complete all forms and applications required for the exemption and file them with your county property appraiser. If the property appraiser denies your application, you may file a petition with the county's value adjustment board. For more information, see Petitions to the Value Adjustment Board.

**The Department of Revenue's website has more information about property tax benefits for homestead properties.** <http://floridarevenue.com/property/Pages/Taxpayers.aspx>

# TAX PRORATIONS AT CLOSING

## SAVE OUR HOMES (SOH)

In the State of Florida, homestead rights and SOH cap accompany a person's homestead property. The property appraiser is only permitted to raise the assessed value of your homestead property by a maximum of 3% per year of the change Consumer Price Index, whichever is lower. The cap and exemption are removed at the end of the year if the property has been sold. *Those parties who have owned their homes for long periods of time have very low taxes because of the SOH cap. When they sell their homes, the cap is removed and the property is reassessed;* this results in the property being assessed at a much higher value which, in turn, equates to much higher taxes and potential shortage in your escrow account.

Florida property tax is based on the assessed value of the property on January 1 of each year, minus any exemptions or other adjustments used to determine the property's taxable value. A local millage rate (a dollar amount per \$1,000 of taxable value) is applied to calculate the annual tax. Property taxes are paid in arrears.



### A rough formula to determine the amount of escrow you should make sure to set aside monthly for taxes:

$$\begin{aligned} & \$350,000 \text{ (Sales Price)} \times 85\% \text{ (15\% Closing Costs)} \\ & = \$297,500 \text{ (Market Value)} \\ & \text{Subtract Exemptions} - \$50,000 \\ & \underline{\$247,500 \text{ (Assessed Value)}} \\ & \text{Assessed Value} / \$1,000 \times \text{County Millage Rate} \\ & 247.5 \times 18.4 \text{ (Millage Rate)} \\ & = \$4,554 \text{ (Advalorem Tax Amount)} / 12 \text{ (Mos in Year)} \\ & = \$406 \text{ per month} \end{aligned}$$

## DEADLINES & POTENTIAL ESCROW PITFALLS

**ESCROW ACCOUNT EXAMPLE:** If you close May 1st - Seller credits buyer for the 5 months they lived in the home in 2022. The buyer's monthly escrow deposits are based on the 2022 estimated tax bill.



- JANUARY:** Assessed Value Based on Previous Seller's Tax Basis & Exemptions
- SEPTEMBER 1st:** TRIM Notices are mailed out. Make sure your tax prorations at closing match your TRIM Notice.
- NOVEMBER 1st:** Buyer Pays Full Tax Bill (Tax Bill will be based on the previous Seller's Exemptions) Taxes are paid in arrears.

**ESCROW ACCOUNT - NOTE:** Your escrow deposit is still based on previous year's tax bill which *will likely be significantly lower*. The bank will discover in Nov. that you are short in your escrow account to pay your tax bill. They will spread your shortage out over the next 12 months and also raise your escrow amount for the following year.



- JANUARY:** Assessed Value Based on the new sales price. Approximately 85% of the Sales Price - exemptions x millage rate
- MARCH 1st:** Buyer must apply for Homestead AND Portability *before* March 1st.
- SEPTEMBER 1st:** TRIM Notices are mailed out. This is your chance to challenge your assessed value. You want to lock in the lowest amount possible. It will determine your portability in the future!
- NOVEMBER 1st:** Buyer Pays Full Tax Bill (Tax Bill will be based on the previous Seller's Exemptions)



# 1031 EXCHANGE

## WHAT IS A 1031 EXCHANGE AND HOW DOES IT WORK?

A 1031 exchange gets its name from Section 1031 of the U.S. Internal Revenue Code, which allows you to avoid paying capital gains taxes when you sell an investment property and reinvest the proceeds from the sale within certain time limits in a property or properties of like kind and equal or greater value. Any property held for productive use in a trade or business or for investment can be exchanged for like-kind property. Like-kind refers to the nature of the investment rather than the form. Any type of investment property can be exchanged for another type of investment property. A single-family residence can be exchanged for a duplex, raw land for a shopping center, or an office for apartments. Any combination will work. The exchanger has the flexibility to change investment strategies to fulfill their needs.

1

### LIKE-KIND PROPERTY

The property is being sold and the property being acquired must be similar, or like-kind.

2

### INVESTMENT OR BUSINESS PROPERTY ONLY

1031 exchanges are only applicable for investment or business property, not personal property.

3

### REPLACEMENT PROPERTY SHOULD BE OF EQUAL OR GREATER VALUE

#### NO 'BOOT' = NO TAXES

4

For an exchange to be completely tax-free, the replacement property must not be of lesser value. The difference is called a 'boot' and is subject to capital gains taxes.

5

### MUST INVOLVE SAME TAXPAYER

The tax return, and the name appearing on the title of the property being sold, must be the same as the tax return and titleholder of the new property

6

### 45 DAY IDENTIFICATION WINDOW

The property owner has 45 days to identify up to three potential properties of like-kind, after closing on the first property.

7

### 180 DAY PURCHASE WINDOW

The replacement property is received and the exchange completed no later than 180 days after the sale of the exchanged property.



# FIRPTA

## FOREIGN INVESTMENT IN REAL PROPERTY TAX ACT

What are the withholding requirements when a seller is not a US Citizen or US Resident?



Does the buyer have definite plans to use the property as his residence\*?

**NO**

Buyer is required by law to withhold 15%.

**YES**

What is the sales price?

**\$300,000 or less**

Complete buyer's declaration for \$300,000 residence exemption form.

**More than \$300,000 but not more than \$1Million**

Buyer is required by law to withhold 10%.

**More than \$1Million**

Buyer is required by law to withhold 15%.

NOTE: If the seller believes she may be eligible for an IRS Withholding Certificate, she should contact a CPA or tax attorney regarding application form 8288-B in order to obtain a determination from the IRS whether a lesser amount is due.

\*The buyer or a member of their family must have definite plans to reside at the property for at least 50% of the number of days the property is used by any person during each of the first two 12-month periods following the date of transfer. When counting the number of days the property is used, do not count the days the property will be vacant.

The information contained herein is for general information only and should not be relied upon for tax, legal or accounting advice. You should consult your own tax, legal and accounting advisors before engaging in any transaction.





# IN NEED OF A VENDOR?

## OR A LOCAL RECOMMENDATION?



YOUR AGENT MAY HAVE A PREFERRED VENDOR LIST THEY CAN SHARE WITH YOU - OR LOOK FOR LOCAL NEIGHBORHOOD OR AREA FACEBOOK PAGE TO JOIN.

Some of the best local recommendations come from those groups!



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\*Purchase of alarm monitoring services required. Early termination fees apply

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