



THE HOMEBUYER BLUEPRINT

A Clear Guide from Preapproval
to Closing and Ownership

SOUTH FLORIDA EDITION

Guidance from both the Realtor and mortgage
perspectives

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ABOUT THIS GUIDE

Education first. Strategy before pressure.

Francisco Cabrera is a Florida Realtor® and Mortgage Loan Originator serving South Florida. He helps buyers understand how the home, contract and loan affect one another. His approach is educational, direct and focused on decisions that remain comfortable after closing.



HOW TO USE THE BLUEPRINT

Read Parts 1 and 2 before touring homes. Use Parts 3 and 4 while comparing properties and writing an offer. Return to Parts 5 and 6 after acceptance to track deadlines, inspections, financing and closing.

EDUCATIONAL AND LICENSING DISCLOSURE

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Information is current as of October 2026 and may change without notice.

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Welcome to the Homebuyer Blueprint

Buying a home involves several connected decisions about money, the property, the contract and your life.

What This Guide Is Designed to Do

This guide explains how the home, contract and loan fit together. It helps you choose a home and payment you can manage after closing.

How to Use It

Read Parts 1 and 2 before touring homes.

Use Parts 3 and 4 while comparing properties and writing an offer.

Use Parts 5 and 6 after acceptance to track deadlines and risks.

Write down questions and ask the licensed professional responsible for that part of the transaction.

Your Team Still Matters

This guide cannot inspect the home, approve the loan or interpret your contract. Your Realtor, loan officer, inspector, closing professional, insurance agent and attorney each handle different questions.

PART 1

01

PREPARING THE RIGHT WAY

PAGE 01

KEY TAKEAWAY

The goal is to reach closing informed, prepared and comfortable with the commitment.

SOUTH FLORIDA CONSIDERATION

Insurance, flood risk, roof age, condo finances and future taxes can make two homes with the same price cost very different amounts.

The Homebuying Roadmap

The process becomes easier to manage when every stage has a clear purpose and a clear decision.

1**Prepare**

Clarify goals, timing, budget, savings and ownership responsibilities.

2**Finance**

Complete a documented preapproval and compare realistic loan structures.

3**Search**

Evaluate lifestyle fit, complete monthly cost and property risk.

4**Offer**

Set price, deposit, deadlines, contingencies and negotiation priorities.

5**Investigate**

Inspect the property and review insurance, title, permits and association documents.

6**Finalize**

Complete underwriting, appraisal, conditions and the Closing Disclosure review.

7**Close**

Verify funds, complete the walkthrough, sign accurately and wait for authorization.

8**Own**

Protect records, manage escrow, file homestead and maintain the property.

WATCH FOR

Several stages happen at the same time after an offer is accepted. A missed deadline can affect deposits, financing or contractual rights.

ASK BEFORE YOU ACT

When a decision affects the loan, contract or closing funds, confirm it before moving money, signing, changing jobs or opening credit.

Are You Ready to Buy?

Being excited and being approved are only part of being ready to buy.

Life and Timing

You expect the location and property type to fit your plans for a reasonable period.

Your employment, household and expected life changes are stable enough to make a long-term commitment.

You can handle the time and responsibility involved in repairs, insurance, taxes and association obligations.

Financial Readiness

The complete payment works within your real monthly budget.

You can cover the down payment, closing costs, prepaids and moving expenses from acceptable documented funds.

You will retain an emergency reserve after closing.

A repair, insurance increase or escrow adjustment would not immediately create a crisis.

Decision Readiness

You can separate must-haves from preferences.

You understand that every property includes tradeoffs.

You are willing to walk away when the price, condition or risk no longer supports the plan.

KEY TAKEAWAY

Waiting can be the right choice when the payment feels tight, savings are low or a major life change is coming.

WHY THIS MATTERS

A lender may approve the loan even when the payment or timing is wrong for you.

Approval Amount vs. Comfortable Budget

The lender sets an approval limit. You decide what payment fits your life.

The lender evaluates	You should also consider
Qualifying income and employment	Take-home pay and income stability
Credit liabilities and DTI	Childcare, food, transportation and lifestyle costs
Estimated taxes, insurance and association dues	Future increases, assessments and maintenance
Required funds and reserves	Emergency savings after closing
Program and underwriting limits	Personal comfort, goals and risk tolerance

KEY TAKEAWAY

Treat the approval as a limit, not a target. Choose a payment that leaves room for the rest of your life.

Build the Complete Payment

Include principal, interest, taxes, homeowners or condo insurance, flood insurance when needed, mortgage insurance, association dues and known assessments. Leave room for maintenance.

Stress-Test the Number

Test the budget against higher taxes or insurance, a major repair, an association assessment or a temporary loss of income. Avoid a plan that uses every available dollar each month.

Why Financing Should Come Before Home Shopping

A documented financing plan shows which homes fit, how to structure the offer and what may affect approval.

It Defines the Real Search Range

Price is only one part of affordability. Rate, taxes, insurance, association dues, mortgage insurance and property type can change the payment.

It Identifies Issues Early

Income history, self-employment, credit activity, student loans, large deposits, gift funds or other properties may require extra documents. Address them before making an offer.

It Strengthens the Offer

A document-based preapproval gives the seller more confidence and helps your Realtor choose realistic financing and appraisal deadlines.

It Tests the Property Type

You can qualify even when a specific condo, insurance issue or property condition does not. The loan must fit both you and the home.

WATCH FOR

An online calculator cannot verify your income, credit, funds or property eligibility. Use it for estimates only.

KEY TAKEAWAY

Preapproval does not lock you into a home or a lender. It gives you enough verified information to shop responsibly.

Your Preparation Checklist

Complete what you can before the first serious property search. The exact documentation will vary by borrower and loan program.

Goals and Budget

- ☐ Define the preferred location, property type and realistic timing.
- ☐ Separate must-haves from preferences.
- ☐ Choose a comfortable complete monthly payment.
- ☐ Estimate moving, repair and furnishing costs.
- ☐ Set a minimum emergency reserve to retain after closing.

Financial Preparation

- ☐ Review all three credit reports for errors or unfamiliar accounts.
- ☐ Avoid new credit, unexplained deposits and unnecessary transfers.
- ☐ Identify the source of the down payment and closing funds.
- ☐ Discuss gift funds or assistance before money changes hands.
- ☐ Keep all housing and debt payments current.

Documents to Gather

- ☐ Government-issued identification and residential history.
- ☐ Recent pay statements and W-2s or other income records.
- ☐ Federal tax returns when required.
- ☐ Recent bank, retirement and investment statements.
- ☐ Statements for mortgages, student loans or other obligations.
- ☐ Business and self-employment documents when applicable.

Professional Team

- ☐ Select a Realtor and mortgage professional who communicate clearly.
- ☐ Identify an insurance agent before the inspection period becomes urgent.
- ☐ Ask how title and closing will be handled.
- ☐ Know when an attorney, accountant or other specialist may be needed.

Preparation establishes what feels responsible; financing determines how the purchase can be structured.

Prequalification vs. Preapproval

The label matters less than what the lender actually reviewed.

Prequalification	Preapproval
Often based mainly on information stated by the buyer	Typically supported by reviewed credit and financial documents
Useful for a preliminary range	Better suited for serious shopping and offers
May contain more unverified assumptions	Can identify documentation or eligibility issues earlier
Not a commitment to lend	Still not final loan approval or a commitment to lend

Ask What Was Reviewed

Ask whether the lender reviewed your credit, income, employment, assets, closing funds and monthly debts. Also ask whether underwriting findings were obtained.

Keep It Current

A preapproval can become outdated. Refresh it when rates, income, debts, funds, the property or the offer structure changes.

KEY TAKEAWAY

A strong preapproval reduces preventable surprises, but every approval remains subject to the property, final verification, underwriting and funding requirements.

What the Lender Reviews

The lender reviews you, the property and the deal. All three must meet the loan rules.

Income and Employment

The lender reviews how much you earn, how long you have earned it and whether it is likely to continue.

Base pay, overtime, bonuses, commission, self-employment and rent may each be calculated differently.

Money you receive does not always count as qualifying income.

Credit and Monthly Obligations

Credit history, score, recent inquiries, payment patterns and public records when applicable.

Required monthly liabilities used to calculate debt-to-income ratio.

Co-borrower income can help, but the additional debts and applicable credit profile also enter the analysis.

Assets and Funds

Source, ownership and documentation of the down payment, deposit and closing funds.

Large deposits, transfers, gift funds and cash may require additional explanation or may not be acceptable without documentation.

Required reserves remaining after closing.

Property and Transaction

The lender also checks value, condition, occupancy, title, insurance, condo or association eligibility, contract terms and credits.

ASK BEFORE YOU ACT

Ask before changing jobs, moving money, paying off debt or adding a co-borrower. The change may affect approval, documents or pricing.

WHY THIS MATTERS

Mortgage approval uses eligible, documented information. It may differ from how you view your own budget.

Conventional and FHA Loans

The smallest down payment may not create the lowest cost or best fit.

Feature	Conventional	FHA
Typical use	Broad primary, second-home and investment options	Primary-residence financing insured by FHA
Down payment	Some qualified primary-residence options begin at 3%	Minimum required investment may be 3.5% for qualified borrowers
Mortgage insurance	Usually required above 80% LTV; cancellation rules may apply	Upfront and annual mortgage insurance generally apply
Credit and pricing	Pricing can be sensitive to credit, LTV and property type	May offer flexibility, subject to FHA and lender requirements
Property review	Condition and project standards apply	FHA appraisal and property standards apply

WATCH FOR

Compare the rate, mortgage insurance, upfront fees, cash to close, credit limits, property rules and how long you expect to keep the loan.

Conventional May Be Attractive When

Your credit, down payment, property type and mortgage-insurance plan create a better overall fit.

FHA May Be Attractive When

FHA's credit, down-payment or qualifying rules help, and the property meets FHA requirements.

VA, USDA, Jumbo and Other Options

Eligibility, location, occupancy and the overall loan profile determine which options are available.

Program	Possible benefit	What to check
VA	VA itself generally does not require a down payment; no monthly PMI	Eligibility, occupancy, entitlement, funding fee, lender review and VA property requirements
USDA Guaranteed	Eligible borrowers and properties may receive 100% financing	Income limits, eligible rural area, guarantee fees, primary-residence and program requirements
Jumbo	Financing above applicable conforming limits	Often greater documentation, reserve, credit and down-payment expectations
Non-QM or alternative documentation	May address self-employment, asset or property scenarios outside agency standards	Can involve higher pricing, larger down payment, reserves or prepayment terms
Assistance programs	May reduce upfront cash for qualifying buyers	Income, location, education, occupancy, repayment or shared-equity rules may apply

KEY TAKEAWAY

The best loan is the one that fits you, the property, your available cash and how long you expect to own or keep the loan.

Program Eligibility Is Only the Beginning

The lender may add requirements, and the property must qualify too. Compare the full cost and long-term obligations, not only the down payment.

Down Payment vs. Total Cash Needed

The down payment is only one part of the money needed to buy.

Down payment + closing costs + prepaid expenses + initial escrow + adjustments - deposit - approved credits = estimated cash to close

Common Cash Components

Down payment based on the loan structure.

Lender, appraisal, title, settlement, recording and other transaction costs.

Prepaid interest and insurance premiums.

Initial tax and insurance escrow deposits.

Inspections, surveys, association applications, moving and immediate repairs, which may be paid outside closing.

Credits Reduce Eligible Costs - Not Every Cost

Credits can cover only eligible charges and must follow the contract and loan rules. Unused credit may not become cash back to you.

Keep Reserves Separate

Keep money after closing for repairs, insurance deductibles, maintenance, moving and possible tax or escrow changes.

WATCH FOR

Your earnest-money deposit usually appears as a credit at closing. It is part of the final calculation, not an extra down payment.

ASK BEFORE YOU ACT

Do not move gift funds, liquidate investments or transfer large sums until the lender explains the required paper trail.

How Interest Rates Affect the Same Home

The rate changes the monthly principal and interest, total interest and sometimes the cash needed for points or credits.

Illustrative rate	Monthly principal and interest	Change from 6.00%
6.00%	\$2,398	-
7.00%	\$2,661	+\$263 per month
8.00%	\$2,935	+\$537 per month

Illustration only: \$400,000 loan, 30-year fixed term. Excludes taxes, insurance, mortgage insurance, association dues, points, fees and other costs.

KEY TAKEAWAY

Price and rate must be evaluated together. A lower purchase price does not guarantee a lower payment if financing costs change materially.

Rate Is Not the Whole Offer

Compare the note rate, APR, points, lender credits, lock period, mortgage insurance and cash to close. A lower rate may cost more upfront. A lender credit may reduce cash now but raise the rate.

Ask for Break-Even Math

When paying points, divide the added upfront cost by the monthly savings. This estimates how long it may take to break even.

Practical Ways to Improve Your Credit

Credit improvement is usually a process of accuracy, consistency and lower risk - not a collection of quick tricks.

Start With Accurate Reports

Review your reports from the major credit bureaus.

Dispute only information you genuinely believe is inaccurate and keep supporting records.

Ask the loan officer before beginning a dispute during an active mortgage process because unresolved disputes can affect underwriting.

Protect Payment History

Pay every account on time and set reminders or automatic minimum payments.

Bring past-due accounts current under an informed plan.

Do not ignore small balances, collections or authorized-user accounts.

Manage Revolving Utilization

Reducing credit-card balances may help the profile and qualifying debts.

Avoid charging balances back up before closing.

Do not close older accounts or open new accounts solely for a score tactic without mortgage guidance.

Make the Plan Loan-Specific

The best use of available cash may be paying a particular debt, increasing the down payment, retaining reserves or covering costs. A score change is not guaranteed, and the highest score is not always the only objective.

WATCH FOR

Companies promising a guaranteed score increase or the removal of accurate negative information should be approached carefully.

KEY TAKEAWAY

A higher credit score may improve pricing, but the full approval still depends on income, debts, assets, property and program requirements.

Choosing the Right Financing Strategy

Choose the loan that supports the full plan, not the option with one attractive number.

Define the Priority

- Lowest cash to close
- Lowest initial payment
- Lowest long-term cost
- More reserves after closing
- Flexibility to sell, refinance or pay early
- Ability to finance the specific property type

Compare the Same Scenario

Compare loans using the same price, down payment, lock period, occupancy and property. Review the Loan Estimate, not only a quoted rate and payment.

Evaluate the Tradeoffs

More money down may lower the payment but leave less in savings. Points may lower the rate but take time to recover. Seller credits may reduce cash to close or fund a buydown, within loan limits.

Keep an Exit Plan

Understand any adjustable-rate feature, balloon payment, prepayment penalty, temporary buydown, refinance assumption or mortgage-insurance removal rules before closing.

ASK BEFORE YOU ACT

Ask what could raise the cost, what may change before closing and how long you must keep the loan for upfront costs to make sense.

KEY TAKEAWAY

The correct financing strategy is personal, property-specific and time-sensitive. Recheck it when the home, rate or negotiated credits change.

Once the financing plan is understood, the search can be based on fit instead of guesswork.

The Three-Fit Property Filter

A property should pass three tests at the same time: lifestyle fit, financial fit and property fit.

1. Lifestyle Fit

- Location and commute
- Household size and layout
- Schools, services and accessibility
- Pets, parking, outdoor space and work-from-home needs
- Rules affecting how you expect to live

2. Financial Fit

- Complete monthly payment
- Association dues and assessments
- Insurance and flood cost
- Likely maintenance and near-term repairs
- Cash remaining after closing

3. Property Fit

- Condition and insurability
- Title, permits and legal use
- Loan-program eligibility
- Association or condominium health
- Resale and rental limitations relevant to the plan

PART 3

03

SEARCHING
STRATEGICALLY

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KEY TAKEAWAY

A beautiful home that fails the payment, insurance or property-approval test is not the right home for the current plan.

WHY THIS MATTERS

The filter creates an objective reason to slow down when emotion is moving faster than the facts.

Choosing the Right Property Type

The right structure depends on how you want to live, what you can maintain and which restrictions you are willing to accept.

Property type	Potential advantages	Important tradeoffs
Single-family home	More control, land and privacy	Exterior maintenance, insurance and higher repair exposure
Townhome	May balance space and shared maintenance	Association rules, dues and responsibility boundaries
Condominium	Lower direct exterior maintenance and shared amenities	Project financing, association finances, insurance, rules and assessments
2-4 unit property	Potential rental income and owner-occupant strategy	Landlord duties, reserves, vacancy, appraisal and program requirements
New construction	New systems, warranties and customization	Builder contract, completion risk, taxes, incentives and independent inspection

ASK BEFORE YOU ACT

Can this property type be financed under the planned loan? Does the insurance structure cover what the lender and buyer need?

Compare Responsibility - Not Only Amenities

Ask what the owner must repair, insure and replace; what the association controls; and whether the budget includes a realistic reserve for shared components. Lower maintenance for the owner does not mean no maintenance risk.

Condominiums and Association Communities

Buying in an association also means sharing its rules, expenses and financial risks.

Review the Ongoing Cost

Regular dues and what they include

Current and planned special assessments

Insurance carried by the association and coverage the owner must obtain

Reserve funding and major upcoming projects

Possible increases after budget, insurance or structural changes

Review the Rules

Rental waiting periods, lease limits and minimum terms

Pet, parking, vehicle, guest and occupancy rules

Renovation approval and flooring requirements

Application, interview or approval procedures

Age, transfer or right-of-first-refusal provisions when applicable

Review the Project - Not Only the Unit

The lender may review insurance, lawsuits, reserves, repairs, delinquencies, owner concentration and assessments. Your approval does not make every project eligible.

SOUTH FLORIDA CONSIDERATION

Older and coastal buildings may face higher insurance, required inspections, reserve funding, repairs and assessments.

KEY TAKEAWAY

Obtain the documents early and review them before the contractual deadline. The association can change the risk and affordability of the purchase.

Understanding Homebuying Seasonality

Inventory and competition change during the year, but no season guarantees a bargain.

Busier Periods

More buyers and listings may enter the market at the same time. Selection can improve while competition, showing activity and offer pressure also increase.

Slower Periods

There may be fewer competing buyers and more negotiation room on certain properties, but inventory may be thinner and sellers with strong alternatives may not reduce their expectations.

Property-Specific Timing Matters More

How long the property has been listed

Previous price changes or failed contracts

Seller's closing and occupancy needs

Insurance, permit or association issues

Comparable inventory competing for the same buyer

Buy on Your Timeline

The right time is when your financing, savings and life plan are ready and the property fits. Do not rely on a prediction about next season's prices or rates.

KEY TAKEAWAY

Seasonality influences leverage; it does not replace property analysis, local market evidence or personal readiness.

WATCH FOR

South Florida submarkets can behave differently at the same time. Compare the city, neighborhood and property type - not only a broad headline.

Look Beyond the Photos

Photos and listings help you choose what to inspect. They do not prove condition, legal use, insurance eligibility or value.

Observe the Building

Roof shape, apparent age and visible repairs
Windows, doors, shutters and impact protection
Signs of water intrusion, staining or settlement
Electrical panels, plumbing materials, HVAC and water heater
Drainage, grading, pools, fences and additions

Observe the Setting

Traffic, aircraft, rail, schools, businesses and construction
Parking, guest access and street conditions
Waterways, low-lying areas and storm drainage
Sun exposure, privacy and neighboring uses
Mobile-phone service and internet options when important

Ask About Improvements

A renovated room does not confirm that permits were obtained, work was completed correctly or the area is recognized as legal living space.
Confirm permits, warranties and professional reports when they matter.

Separate Appearance From Cost

Cosmetic updates may be inexpensive compared with roofing, electrical, plumbing, structural, drainage or insurance problems. Prioritize the systems that affect safety, insurability and long-term ownership.

WATCH FOR

Fresh paint, staged furniture and wide-angle photography can hide scale or symptoms. Use the showing to generate questions, not final conclusions.

ASK BEFORE YOU ACT

Ask what could prevent the home from being insured, financed or used as expected.

Making an Objective Decision

A simple written scorecard keeps the purchase connected to the plan when a property creates urgency or excitement.

Score the Non-Negotiables First

- Comfortable complete payment
- Required location or commute
- Minimum layout and accessibility
- Property and loan eligibility
- Unacceptable condition or risk boundaries

Then Score the Tradeoffs

- Renovation needed versus renovation wanted
- Lot, parking, storage and privacy
- Association benefits versus restrictions
- Current condition versus future resale
- Immediate cost versus long-term ownership cost

Use a Decision Rule

Identify the maximum price and cash exposure before negotiating.
Decide which inspection findings, appraisal result, insurance cost or association issue would require a different price, a written solution or a decision to leave the transaction.

Avoid False Urgency

A competitive market may require prompt decisions, but prompt is not the same as uninformed. Review the evidence available, state the risk and choose intentionally.

KEY TAKEAWAY

The objective is not to find a perfect property. It is to accept the right tradeoffs at the right price with enough information and reserves.

An objective property decision becomes the foundation for an intentional offer.

A Strong Offer Is More Than a Price

A seller evaluates the amount offered and the probability that the transaction will close on the agreed terms.

Price and Net Proceeds

The seller compares price with requested credits, repair obligations, association balances, occupancy costs and other concessions. A higher headline price can produce a lower or less certain result.

Financing Confidence

- Documented preapproval
- Appropriate loan and property type
- Realistic appraisal and financing deadlines
- Verified cash for deposit, closing and any planned gap
- Lender availability and clear communication

Contract Execution

- Meaningful deposit delivered on time
- Clear inspection structure
- Reasonable closing date
- Limited ambiguity and complete addenda
- Flexibility on items that matter to the seller but not the buyer

PART 4

04

OFFERS AND
NEGOTIATION

PAGE 21

KEY TAKEAWAY

The strongest offer is the best combination of value, certainty and fit - not automatically the highest price or the fewest protections.

WATCH FOR

Do not promise a deadline or waive a protection until the lender, Realtor and buyer understand the risk and can perform.

Determining the Right Offer Price

List price is a marketing decision. Offer price should come from market evidence, property condition, competition and the buyer's boundaries.

Start With Comparable Sales

Recent closed sales with similar location, size, age, condition and property type

Current competing listings

Pending sales when reliable information is available

Adjustments for features the market actually values

Read the Listing's Position

Days on market and price changes

Prior contracts or financing issues

Condition, permits and insurability

Seller timing and occupancy needs

Multiple-offer activity and offer deadline

Price Condition Correctly

A repair estimate does not always reduce market value dollar for dollar.

Separate deferred maintenance, necessary replacement, insurance problems and elective upgrades. Compare how the market priced similar condition.

Set Three Numbers

Evidence-based opening position

Target result

Maximum acceptable price and cash exposure

ASK BEFORE YOU ACT

If the property appraises below the contract price, how much additional cash could be required under the exact contract and loan structure?

KEY TAKEAWAY

The right offer is the amount the evidence and the buyer's plan support - even when that means losing the property.

Negotiating Beyond the Purchase Price

Terms can create meaningful value without changing the headline price, but every concession should solve a defined buyer or seller need.

Financial Terms

- Seller credit toward eligible costs
- Permanent or temporary rate buydown
- Price adjustment
- Repair credit or lender-approved escrow
- Allocation of association, title or other transaction charges

Timing and Possession

- Closing date
- Seller post-closing occupancy
- Early access only through a properly documented agreement
- Repair completion or reinspection timing
- Association application and approval timing

Property and Risk Terms

- Defined repairs
- Included appliances, fixtures or personal property
- Home warranty
- Permit or title correction
- Inspection, appraisal and financing protections

Negotiate the Net Result

A credit can be more valuable to a cash-limited buyer than a similar price reduction, while a seller may prefer a price concession that does not create repair responsibility. Compare the payment, cash to close, appraisal risk and seller's estimated net proceeds.

WATCH FOR

Credits and interested-party contributions are subject to the loan program, appraisal, contract and actual eligible costs. Confirm limits before offering a structure.

KEY TAKEAWAY

Good negotiation does not ask for everything. It prioritizes the terms that materially improve the buyer's plan.

Contingencies Protect the Plan

A contingency protects you only when you understand and follow its wording, deadlines and notice rules.

Protection	Primary purpose	Key risk to manage
Inspection	Investigate condition and exercise stated contract rights	Short deadline, notice requirements and excluded items
Financing	Address inability to obtain defined financing under stated terms	Application, approval, notice and good-faith duties
Appraisal	Address a value below the contract threshold	Gap language, deadlines and cash obligation
Association or condo review	Review documents, rules and statutory or contractual rights	Delivery date, review window and written termination
Sale of another property	Connect purchase performance to another transaction	Seller acceptance, kick-out terms and timing

ASK BEFORE YOU ACT

Ask what the clause protects, what you must do on time and what happens to the deposit if you miss the deadline.

LEGAL NOTE

Contract rights depend on the signed agreement and applicable law. Legal questions should be directed to a qualified attorney.

Waiving Is a Risk Decision

Removing a contingency may strengthen the offer, but it shifts risk to you. Understand the possible loss and whether you can afford it.

Appraisal Strategy and the Real Meaning of a Gap

The appraisal helps the lender evaluate the home. A low value does not automatically change the contract price.

Contract price - appraised value = the basic gap. Your actual cash need depends on the loan, down payment, contract, renegotiation and available funds.

Before Offering Above the Evidence

- Estimate the likely value range from comparable sales
- Confirm the maximum cash available beyond normal closing funds
- Review the exact appraisal contingency or waiver
- Understand whether a higher appraisal changes the planned down payment
- Keep required reserves intact

If the Appraisal Is Low

- Review the report for factual errors or missing relevant sales
- Ask whether a reconsideration of value is supported
- Renegotiate price or terms
- Increase cash if permitted and responsible
- Change loan structure if feasible
- Exercise a contractual right when available

Do Not Confuse Price With Value

You may choose to pay above appraised value, but use available cash and understand that you may begin with less equity.

KEY TAKEAWAY

Never promise an appraisal gap as a slogan. State the maximum obligation in dollars and connect it to the exact contract and loan.

Credits, Repairs and Rate Buydowns

These tools solve different problems. The best choice depends on cash, payment, property condition and lender requirements.

Tool	Best used when	Important limitation
Seller credit	Buyer needs help with eligible closing costs or prepaid expenses	Program and actual-cost limits apply
Price reduction	Lower price supports value or long-term cost	May create less immediate cash relief than a credit
Defined repair	Work must be completed before closing or is better controlled by seller	Quality, permits, access and reinspection must be addressed
Repair credit	Buyer prefers control after closing and lender accepts condition	Credit may not solve safety, appraisal or insurance requirements
Rate buydown	Lower payment or rate is a priority	Cost, break-even, qualification and temporary-payment structure must be understood

WATCH FOR

A receipt does not prove a repair was completed correctly. A credit does not eliminate the repair. A temporary buydown does not permanently change the note rate.

KEY TAKEAWAY

Negotiate the result the buyer needs: safer property, adequate cash, lower payment or better value.

Use Quotes and Loan Math

Estimate the repair cost, confirm eligible charges and compare the monthly and cash-to-close effect. A concession should be sized to the problem rather than selected because it sounds valuable.

Competing Without Losing the Plan

A competitive offer can be decisive without becoming financially reckless.

Before the Offer

- ☐ Update the preapproval for the property and price.
- ☐ Confirm complete payment and cash to close.
- ☐ Set the maximum price and appraisal cash exposure.
- ☐ Identify non-negotiable contingencies.
- ☐ Review comparable sales and competition.

Ways to Improve Certainty

- ☐ Use a documented preapproval and responsive lender.
- ☐ Deliver a meaningful deposit on time.
- ☐ Choose realistic inspection and financing periods.
- ☐ Offer a closing date that works for both sides.
- ☐ Limit unnecessary requests and ambiguity.

Risks to State in Dollars

- ☐ Maximum price above supported value.
- ☐ Maximum appraisal gap.
- ☐ Maximum immediate repair exposure.
- ☐ Maximum cash remaining after closing.
- ☐ Deposit at risk under the proposed terms.

Final Decision

- ☐ The payment remains comfortable.
- ☐ The buyer can perform every promised term.
- ☐ The buyer understands what protections were reduced.
- ☐ Losing the property would be preferable to crossing the stated boundary.

Once the offer is accepted, strategy becomes execution - and every deadline matters.

The Contract Becomes the Calendar

After acceptance, deadlines control deposits, inspections, financing, association review and closing. Verbal intentions do not extend a written date.

PART 5

05

UNDER CONTRACT AND
DUE DILIGENCE

PAGE 28

01

Deposit

Deliver the correct amount to the correct escrow holder by the contractual deadline.

02

Loan Application

Complete the application, disclosures and requested documentation promptly.

03

Inspection

Schedule inspections, obtain quotes and exercise contract rights in writing.

04

Insurance

Secure acceptable coverage and flood information early enough to solve problems.

05

Appraisal

Provide access, review the result and respond within the applicable timeline.

06

Title and Association

Review title, survey, permits, municipal records and association documents.

07

Financing Approval

Satisfy conditions and protect income, credit and assets.

08

Closing

Review final figures, walkthrough, funds, signing and possession terms.

KEY TAKEAWAY

Maintain one shared deadline list with the responsible person, required action and proof of completion.

WATCH FOR

A deadline may be measured in calendar days, business days or another defined method. Use the signed contract, not memory.

Inspect the Property Thoroughly

The inspection is an information-gathering process. It does not guarantee future performance or identify every concealed condition.

Begin With a General Inspection

A qualified inspector typically evaluates visible and accessible components such as structure, roof, plumbing, electrical, HVAC, appliances, windows, doors, drainage and interior conditions within the inspection's scope.

Add Specialists When the Property Requires Them

Roof or structural evaluation

Sewer scope, septic or well inspection

Pool and equipment

Termite or wood-destroying organism inspection

Mold or indoor-air assessment

Electrical, plumbing or HVAC specialist

Sea wall, dock, elevator, generator or other specialized systems

Understand Insurance Inspections

A four-point or wind-mitigation inspection serves an insurance purpose and does not replace a comprehensive property inspection. The insurer may request additional documentation based on age, system type or condition.

Attend and Ask Questions

When practical, attend the inspection, observe major findings, ask about urgency and maintenance, and distinguish confirmed defects from items needing further evaluation.

WATCH FOR

No inspector can see through walls or predict exactly when a component will fail. Review the agreement, exclusions and recommendations.

KEY TAKEAWAY

The purpose is to understand condition, immediate risk and likely ownership cost before the decision deadline.

Turn Inspection Findings Into a Decision

The inspection report is not automatically a repair list. It is evidence for deciding whether the property, price and risk still make sense.

Sort the Findings

- Safety or structural concerns
- Insurance or lender eligibility concerns
- Active leaks, moisture or system failures
- Near-term capital replacements
- Deferred maintenance
- Cosmetic or preference items

Measure the Impact

Obtain specialist opinions or quotes for material issues. Consider urgency, permit requirements, access, deductibles, relocation, hidden-condition risk and whether the buyer has enough reserves after closing.

Choose the Appropriate Response

- Accept the condition
- Request a defined repair
- Request a credit or price adjustment
- Change another contract term
- Complete additional evaluation
- Exercise a contractual termination right when available

Focus the Negotiation

Prioritize items that materially affect safety, insurability, financing or cost. Asking for every minor observation can weaken attention to the issues that truly matter.

ASK BEFORE YOU ACT

Will the lender or insurer require this item to be completed before closing?
Can a credit legally and practically solve it?

KEY TAKEAWAY

The question is not whether the house is perfect. It is whether the remaining risk is acceptable at the negotiated terms.

Complete the Insurance and Flood Review Early

Insurance can change approval, cash to close and the monthly payment. Get quotes early.

Request Property-Specific Quotes

Homeowners or condominium-unit policy

Wind and hurricane coverage structure

Flood insurance when required or prudent

Deductibles and coverage limits

Loss assessment, water backup and other relevant endorsements

Provide Accurate Property Information

Roof age, plumbing, electrical, HVAC, prior claims, occupancy, protective devices and wind-mitigation features can affect eligibility and price. The insurer may require inspections, permits, photographs or proof of updates.

Flood Zone Is Not the Same as Flood Risk

FEMA maps help determine lender requirements, but flooding can happen outside high-risk zones. Review the map, drainage, available flood history and coverage options.

Confirm the Final Policy

The policy must satisfy the lender, and you should understand exclusions, deductibles and coverage limits.

SOUTH FLORIDA CONSIDERATION

Roof age, wind protection, coastal exposure, flood risk and condominium master policies can change both insurability and total housing cost.

WATCH FOR

An insurance quote is not the same as a bound policy. Confirm coverage, effective date, premium and required inspections.

Review the Appraisal and Property Approval

The appraisal addresses collateral value and observable property issues for the loan. It is not a substitute for the buyer's inspection.

Review the Basics

Correct address, property type and unit
Comparable sales and adjustments
Reported condition and improvements
Appraised value and effective date
Required repairs, inspections or completion items

If the Value Is Lower Than Expected

Review the report with the lender and Realtor. A reconsideration should identify factual errors, overlooked relevant sales or supported analysis - not simply disagreement with the result. Contract options depend on the exact appraisal language and deadlines.

Property Approval Continues Beyond Value

Title, insurance, flood determination, legal use, condition, utilities, access and condominium or association eligibility may still affect the loan after the value is acceptable.

Repairs Can Affect Timing

When a program or lender requires work, confirm who will complete it, whether permits are needed, how access will be provided, what documentation is required and whether reinspection must occur before closing.

KEY TAKEAWAY

Borrower approval and property approval are separate. Both must remain acceptable through final underwriting and funding.

WATCH FOR

Do not authorize repairs to property you do not own without a written agreement and appropriate professional guidance.

Review Title, Survey, Permits and Property Records

A home can look fine while title, boundary, permit or city issues remain.

Title Review

- Current owner and legal description
- Mortgages, liens, judgments and taxes
- Easements, restrictions and recorded agreements
- Requirements that must be satisfied before the policy can be issued
- Exceptions that will remain after closing

Survey Review

- Boundary lines and improvements
- Fences, driveways and possible encroachments
- Easements and access
- Setbacks and visible use issues
- Property description consistency

Permits and Municipal Records

Searches may find open permits, code violations, utility balances or work that does not match public records. The contract and local practice determine who must address them.

Resolve Issues in Writing

Put the solution in writing: who will fix it, what proof is needed, the deadline and what happens if it is not resolved. Ask an attorney about legal questions.

WHY THIS MATTERS

A lender's title policy protects the lender's covered interest. It does not replace an owner's policy protecting the buyer's covered ownership interest.

WATCH FOR

Do not assume prior work was permitted because it appears on a listing or tax record.

Complete the Condominium or Association Review

Your document review and the lender's project review are separate. Complete both before the deadlines.

Documents to Review

Declaration, articles, bylaws and rules
Current budget and recent financial statements
Frequently asked questions or governance disclosures
Meeting minutes and notices
Insurance information
Current or planned assessments
Milestone inspection and structural reserve study information when applicable

Questions to Answer

Are dues likely to increase?
Are major repairs planned or deferred?
Is there significant litigation or delinquency?
What restrictions affect occupancy, leasing, pets, parking or renovations?
What insurance and deductible exposure belongs to the unit owner?

Lender Project Review

The lender may review insurance, reserves, repairs, assessments, lawsuits and other project rules. The project can fail even when you are approved.

Protect the Review Window

Record when you received the documents. Confirm the review deadline and send any required notice in writing before it expires.

SOUTH FLORIDA CONSIDERATION

Structural repairs, reserve funding and master-policy changes can produce substantial assessments or dues increases even when the unit itself appears updated.

KEY TAKEAWAY

You are buying into the association's obligations. Review its financial and physical health with the same seriousness as the unit.

Protect the Mortgage Approval

The lender may verify credit, employment, assets and liabilities again before closing. Keep the financial picture stable and documented.

Do Not Change Credit Without Approval

Do not open or co-sign new credit

Do not increase card balances

Do not finance furniture, appliances or a vehicle

Do not close or pay off accounts without discussing the underwriting effect

Continue making every required payment on time

Do Not Change Employment Quietly

A resignation, new job, leave of absence, pay-structure change, reduced hours or business change can require new documentation and may change usable income. Tell the loan officer before the change when possible and immediately when not.

Keep Assets Traceable

Avoid unexplained cash deposits

Keep records for transfers and deposits

Do not move gift funds without instructions

Do not spend verified closing or reserve funds

Retain updated statements and transaction confirmations

Respond Promptly and Completely

Provide every page of requested documents, explain inconsistencies and notify the lender of any new debt, legal issue, insurance change or property credit. Do not alter a document or omit a known change.

ASK BEFORE YOU ACT

Before any financial or employment change, ask: Could this change my credit, qualifying income, required funds or documentation?

KEY TAKEAWAY

Approval is maintained by accuracy, stability and communication - not by hoping a change will go unnoticed.

Make the Final Due-Diligence Decision

Before the inspection and review periods expire, combine every major finding into one go-forward decision.

Property

- ☐ Inspection findings are understood.
- ☐ Material specialist evaluations are complete.
- ☐ Immediate and near-term repair costs are estimated.
- ☐ The property remains insurable and financeable.
- ☐ The remaining condition risk is acceptable.

Legal and Association

- ☐ Title requirements and exceptions are understood.
- ☐ Survey, permit and municipal issues have a written resolution.
- ☐ Association documents, finances and restrictions were reviewed.
- ☐ Special assessments and major projects are understood.
- ☐ The lender's project review is progressing.

Financial

- ☐ The updated payment remains comfortable.
- ☐ Insurance and association costs are included.
- ☐ Cash to close and appraisal exposure remain available.
- ☐ Repairs do not eliminate the emergency reserve.
- ☐ Negotiated credits comply with loan limits.

Contract

- ☐ Every change is written and signed.
- ☐ Contingency notices were delivered correctly.
- ☐ Unresolved items have an owner and deadline.
- ☐ Closing and possession terms remain workable.
- ☐ The buyer understands the consequence of proceeding.

Due diligence determines whether the buyer is ready to move from contract to ownership.

Final Approval Is a Sequence

Several steps remain after final approval. Even a clear to close still depends on accurate documents, signing and funding.

PART 6

06

CLOSING AND
OWNERSHIP

PAGE 37

01

Conditional Approval

Underwriting identifies documents, explanations or property items still required.

02

Conditions Cleared

Income, assets, credit, appraisal, title, insurance and other items are accepted.

03

Final Verification

Employment, credit, funds, liabilities and transaction terms may be checked again.

04

Clear to Close

The lender authorizes preparation for closing, subject to accuracy and final requirements.

05

Closing Disclosure

The borrower reviews final loan terms, projected payments, costs and cash to close.

06

Signing and Funds

Documents are executed and borrower funds are received through verified instructions.

07

Funding Authorization

The lender confirms that all funding conditions are satisfied.

08

Completion

The closing professional confirms disbursement, recording and possession as applicable.

WATCH FOR

Do not make a large purchase, move money, change employment or ignore a new document request because the file is close to closing.

KEY TAKEAWAY

Your information must remain accurate and acceptable until the loan funds and closing is complete.

Read the Closing Disclosure Before Closing

For most purchase mortgages, you receive the Closing Disclosure at least three business days before signing the loan. Use that time to compare the numbers and ask questions.

Review area	What to confirm
Loan terms	Loan amount, interest rate, term, payment structure and whether the rate is fixed or adjustable
Projected payment	Principal, interest, mortgage insurance, estimated escrow and changes over time
Loan costs	Origination charges, points, lender fees and required third-party services
Other costs	Title, recording, taxes, insurance, prepaid interest and initial escrow
Credits and deposit	Seller and lender credits plus the correct earnest-money credit
Cash to close	The amount the buyer is expected to deliver
Loan features	Late terms, prepayment penalty, balloon, assumption and escrow information

KEY TAKEAWAY

Do not wait until the signing appointment to ask why the loan, payment or cash requirement changed.

Closing Costs and Cash to Close Are Different

Cash to close combines your down payment, costs, prepaids, escrow and adjustments, then subtracts the deposit and approved credits. Property-specific charges may also apply.

If Something Changed

Ask about any meaningful change to the rate, payment, credits, deposit, insurance, taxes or cash to close. The lender should explain the change and whether a new waiting period applies.

Complete the Final Walkthrough

The walkthrough confirms delivery condition shortly before closing. It does not replace the inspection or create new contract rights.

Confirm the Property

- No material new damage or deterioration
- Agreed repairs appear complete
- Included fixtures and personal property remain
- Seller belongings and debris were removed as required
- Property is vacant or occupied according to the contract
- Major systems have not developed an obvious new issue

Bring the Evidence

- Purchase contract and repair addenda
- Inspection agreements and prior photographs
- Receipts, permits, warranties or reinspection reports
- List of included items
- Any seller post-closing occupancy agreement

Test What Is Practical

- Run faucets and flush toilets
- Look for visible leaks
- Test lights and basic electrical operation
- Confirm HVAC and agreed appliances operate
- Inspect pool or other major equipment
- Identify keys, remotes, codes and access devices

If a Problem Is Found

Document it and notify the Realtor and closing professional before signing or disbursement. Possible solutions may include correction, a written credit, lender-approved holdback, extension or legal review. A holdback is not automatic and may require multiple approvals.

WATCH FOR

Do not move in, begin work or take possession early without a properly documented agreement.

KEY TAKEAWAY

The walkthrough is the final opportunity to confirm that the property being delivered is the property the buyer agreed to purchase.

Protect the Closing Funds

Criminals may impersonate a Realtor, lender, title company, attorney or closing professional and send realistic fraudulent payment instructions.

- 1

Save a Trusted Number
Obtain the closing professional's telephone number early from a verified source.
- 2

Use the Approved Method
Receive instructions through the closing professional's established secure process.
- 3

Call Independently
Use the saved number - not a number contained in the instruction email or text.
- 4

Read Back the Details
Confirm recipient, bank, routing number, account number, amount and reference.
- 5

Treat Changes as Fraud
Stop if instructions change, urgency appears or a different account is introduced.
- 6

Confirm Receipt
After sending the funds, call the verified closing professional again.

IF MONEY IS MISDIRECTED

Immediately contact the bank's wire-fraud department, request a recall or freeze, notify the verified closing professional, report to IC3.gov and preserve every message and record. Minutes can matter.

KEY TAKEAWAY

No legitimate closing professional should object to independent verification of where the money is being sent.

Warning sign	Correct response
Unexpected urgency or secrecy	Stop and verify independently
New bank, account or altered email	Assume fraud until verified through trusted contacts
Instructions only by text	Call the established number
Payment to an individual, crypto, gift card or app	Do not proceed

Know What You Are Signing

Closing documents create legal and financial obligations. Ask for available copies early and question anything you do not understand.

Document	Primary purpose
Closing Disclosure	Final mortgage terms, projected payment, costs and cash to close
Promissory note	Borrower's promise to repay and the financial terms
Mortgage or security instrument	Lender's security interest and borrower obligations
Deed	Transfers the seller's ownership interest and shows vesting
Settlement statement	Detailed accounting of charges, credits and distributions
Escrow disclosure	Projects taxes, insurance and escrow activity
Riders and certifications	Adds loan features and confirms occupancy or application information

WATCH FOR

Never sign a blank document or one containing information you know is inaccurate.

LEGAL NOTE

The Realtor can explain the transaction and the loan officer can explain the loan. Direct legal questions about documents or vesting to a qualified attorney.

Verify the Core Terms

Confirm names, property address, loan amount, rate, term, payment, mortgage insurance, escrow, first payment date, late terms, special loan features, occupancy, cash to close, credits and how title will be held.

No Automatic Purchase-Loan Cancellation Period

The federal three-business-day cancellation right generally does not apply to a purchase mortgage. Resolve questions before signing.

Signing Is Not the Same as a Completed Closing

Signing, funding, recording and possession may happen close together, but each is a separate step.

Milestone	What occurs
Signing	Required parties execute and notarize closing documents
Funding authorization	The lender confirms final requirements are satisfied
Disbursement	The closing professional distributes funds under the approved settlement
Recording	The deed, mortgage and other documents are submitted to official records
Possession	The buyer receives control according to the contract

KEY TAKEAWAY

The transaction is complete when the authorized closing professionals confirm completion - not when everyone finishes signing.

Wait for Confirmation

Signing does not automatically mean you can take the keys. Wait for the closing professional to confirm funding, completion and possession.

Last-Minute Items Can Still Arise

The lender or closing professional may still request a corrected document, updated insurance, verification or title item. Until completion, avoid new credit, job changes, moving in, renovations or unexpected spending.

Seller Post-Closing Occupancy

If the seller stays after closing, use a written agreement covering the dates, payment, deposit, utilities, insurance, condition, damage and key delivery.

Keep the Records and Confirm Title Protection

Keep a permanent homeownership file for insurance, taxes, refinancing, repairs and a future sale.

Keep Secure Copies

Executed Closing Disclosure and settlement statement
Promissory note and mortgage
Recorded deed and owner's title policy
Survey, appraisal and inspection reports
Repair agreements, receipts, permits and warranties
Insurance and association documents
Tax records and loan-servicing information
Improvement invoices and approvals

Review the Recorded Deed

When the recorded deed is available, confirm the names and property information. Get copies from the county or closing professional, not from an unverified mailer.

The Owner's Policy May Arrive Later

The title commitment is not the final owner's policy. When the policy arrives, review the owner, amount, property, effective date and exceptions.

Verify Post-Closing Solicitations

Recent buyers may receive offers for deed copies, title monitoring, mortgage-protection insurance, warranties, homestead filing, refinancing or contractor services. Public property information does not prove affiliation with the government or transaction team.

KEY TAKEAWAY

Keep the documents that protect ownership and independently verify anyone who contacts you because the purchase became public record.

WATCH FOR

A lender's title policy protects the lender's covered interest. It does not replace an owner's policy.

Understand the First Payment, Escrow and Servicing

Your first payment, escrow and mortgage servicer may work differently than expected.

The First Payment Is Not a Free Month

Mortgage interest is commonly paid after it accrues. If you close September 20 and pay first on November 1, prepaid interest may cover the rest of September, while the November payment generally covers October. Your loan documents control.

Know the Mortgage Servicer

The company that closes the loan may not collect future payments. Verify the servicer, account, due date and payment method before sending money.

If Servicing Transfers

The borrower should receive notices identifying the former and new servicers and transfer date. Federal protections generally prevent a timely payment mistakenly sent to the former servicer during the 60 days after transfer from being treated as late or charged a late fee. Update instructions promptly and keep proof.

Escrow Can Change

Escrow usually covers property taxes and required insurance, not association dues, repairs or utilities. The payment may rise when taxes or insurance increase.

KEY TAKEAWAY

A fixed interest rate does not guarantee the total payment will never change. Taxes, insurance, mortgage insurance and temporary buydowns can affect it.

WATCH FOR

Confirm automatic payment after setup. Do not assume enrollment succeeded because information was submitted.

File Florida Homestead and Prepare for Future Taxes

The seller's tax bill may be much lower than yours after the property is reassessed.

Estimate Taxes for the New Ownership

The seller may have years of Save Our Homes protection. That assessed value usually does not transfer to you, so taxes and escrow may rise after reassessment.

Florida Homestead Exemption

A qualifying owner generally must hold legal or beneficial title and make the property a permanent residence on January 1, then apply through the county property appraiser by March 1 for the applicable year. The first \$25,000 of assessed value applies to all property-tax levies; Florida also provides an additional inflation-adjusted exemption for certain assessed value and non-school levies. Eligibility is determined locally.

Save Our Homes

After homestead begins, annual assessed-value increases are generally capped at the lower of 3% or the applicable CPI change. This does not cap tax rates, insurance or the full payment.

Portability and Other Benefits

An eligible Florida homeowner may apply to transfer part of a prior Save Our Homes assessment difference to a new homestead. Additional benefits may be available for qualifying seniors, veterans, disabled individuals, surviving spouses and others.

KEY TAKEAWAY

Estimate taxes for your ownership, not from the seller's current bill alone.

ASK BEFORE YOU ACT

Confirm filing requirements and deadlines directly with the county property appraiser.

Complete the Purchase and Start Ownership Well

A good closing leaves you with accurate documents, enough savings and a clear plan for ownership.

Before Signing

- ☐ Final approval or clear-to-close status confirmed.
- ☐ Closing Disclosure received and reviewed.
- ☐ Loan terms and payment match the plan.
- ☐ Credits, deposit and cash to close are correct.
- ☐ Funds are available in an approved account.
- ☐ Wire instructions were independently verified.
- ☐ Insurance is effective.
- ☐ Final walkthrough is complete.
- ☐ Identification, vesting and possession terms are confirmed.

At Closing

- ☐ Names and property information are accurate.
- ☐ Loan amount, rate and first due date are correct.
- ☐ Figures match the reviewed documents.
- ☐ No blank or knowingly inaccurate document is signed.
- ☐ Questions are answered before signing.
- ☐ Executed copies are requested.
- ☐ Receipt of buyer funds is confirmed.
- ☐ Keys are accepted only after authorization.

After Closing

- ☐ Completion and possession are confirmed.
- ☐ Locks and access codes are changed when permitted.
- ☐ Utilities and association registration are completed.
- ☐ Servicer and first payment are verified.
- ☐ Insurance and tax notices are monitored.
- ☐ Recorded deed and owner's policy are received.
- ☐ Homestead and portability are filed on time.
- ☐ Maintenance and emergency reserves remain available.
- ☐ Important records are stored securely.

The Ownership Plan

- ☐ Understand the complete payment.
- ☐ Know the property's condition and upcoming repairs.
- ☐ Maintain insurance and association compliance.
- ☐ Track tax and escrow changes.
- ☐ Protect the documents supporting ownership.
- ☐ Ask for help before a manageable issue becomes a crisis.

The goal is to begin homeownership prepared, informed and financially stable.

Plain-English Homebuyer Glossary

A-C

These plain-English definitions are provided for general education. The buyer's contract, loan documents, insurance policy and transaction-specific professional guidance control.

Adjustable-rate mortgage

A mortgage whose interest rate may change after an initial period according to the loan terms.

Annual Percentage Rate

A broader annualized measure that includes the interest rate and certain finance charges. It is not the same as the note rate.

Appraisal

An independent opinion of property value generally obtained for the lender's collateral review.

Appraisal contingency

A contractual protection connected to the property's appraised value, subject to the contract's exact terms and deadlines.

Appraisal gap

The difference between the contract price and a lower appraised value.

Assessed value

The value used for property-tax purposes. It may differ from market value or appraised value.

Association

A condominium or homeowners association that may impose dues, rules, assessments and other obligations.

Buydown

An arrangement using upfront funds or credits to reduce the interest rate temporarily or permanently.

Cash to close

The final amount the buyer must deliver after accounting for the down payment, costs, deposits, credits, prepaids and adjustments.

Clear to close

The lender's authorization to proceed toward closing, still subject to final accuracy, funding and completion requirements.

Closing costs

Loan, title, government and third-party expenses associated with the purchase.

Closing Disclosure

The federal mortgage disclosure showing the final loan terms, projected payments, costs and cash to close.

Comparable sale

A recently sold property used to help evaluate the subject property's value.

Condominium project review

The lender's evaluation of the condominium association and project, separate from the borrower's approval.

Contingency

A contract provision providing specified rights when a stated event occurs, subject to its language and deadlines.

Conventional loan

A mortgage that is not insured or guaranteed by a federal government agency.

Credit score

A number generated from credit-report information and used with other factors to evaluate credit risk.

Plain-English Homebuyer Glossary

D-L

These plain-English definitions are provided for general education. The buyer's contract, loan documents, insurance policy and transaction-specific professional guidance control.

Debt-to-income ratio

The qualifying monthly debt divided by qualifying gross monthly income.

Deed

The legal document used to transfer an ownership interest in real property.

Discount point

An upfront mortgage charge commonly equal to 1% of the loan amount. Paying points may affect the interest rate.

Down payment

The portion of the purchase price paid from the buyer's approved funds rather than financed.

Earnest-money deposit

Money delivered under the contract to demonstrate the buyer's commitment and applied according to the contract.

Escrow account

An account maintained by the mortgage servicer to collect and pay certain taxes and insurance expenses.

Escrow shortage

A projected deficiency in the escrow account that may require an additional payment or higher monthly collection.

FHA loan

A mortgage insured by the Federal Housing Administration and subject to borrower, property and mortgage-insurance requirements.

Flood insurance

Separate insurance designed to cover certain flooding losses that standard homeowners policies generally exclude.

Four-point inspection

An insurance-focused review of the roof, electrical, plumbing and HVAC systems. It does not replace a comprehensive inspection.

Funding

The lender's release of mortgage funds after applicable closing requirements have been satisfied.

Gift funds

Funds provided by an acceptable donor and documented according to the applicable mortgage program.

Homeowners insurance

Property coverage that may protect the dwelling, personal property and liability, subject to policy terms and exclusions.

Homestead exemption

A Florida property-tax benefit available to qualifying owners who use the property as their permanent residence.

Inspection period

The contractual period during which the buyer may complete inspections and exercise applicable rights.

Interest rate

The percentage charged for borrowing the loan principal. It does not include every loan cost.

Lender credit

A credit provided through loan pricing that reduces eligible upfront costs, often in exchange for a different rate.

Plain-English Homebuyer Glossary

These plain-English definitions are provided for general education. The buyer's contract, loan documents, insurance policy and transaction-specific professional guidance control.

Lien

A legal claim or security interest affecting the property.

Loan Estimate

The federal disclosure showing estimated mortgage terms, payment and closing costs early in the application process.

Loan-to-value ratio

The loan amount compared with the applicable property value or purchase price under the mortgage program.

Mortgage insurance

Coverage protecting the lender against certain borrower defaults. Requirements vary by program and structure.

Mortgage servicer

The company that collects payments, manages escrow and administers the mortgage after closing.

Municipal or property-record search

A review that may identify permits, code violations, utility balances or other local governmental matters.

Note

The borrower's written promise to repay the mortgage debt according to the stated terms.

Owner's title-insurance policy

A policy protecting the buyer's covered ownership interest against specified title defects, subject to its terms and exceptions.

PITI

Principal, interest, property taxes and insurance - the four commonly referenced components of a housing payment.

Portability

A Florida process through which an eligible homeowner may transfer part of a prior Save Our Homes assessment benefit.

Preapproval

A lender's preliminary evaluation based on reviewed financial information and documentation. It is not final loan approval.

Prequalification

An initial estimate generally based on information provided by the buyer and often involving less verification than a preapproval.

Prepaid expenses

Amounts collected at closing for items such as interest, insurance or taxes covering periods before regular payments begin.

Prepayment penalty

A charge that may apply if a loan is paid off early according to its terms.

Principal

The amount borrowed, excluding interest and other charges.

Property taxes

Taxes imposed by local taxing authorities based in part on the property's assessed value.

Purchase contract

The legally binding agreement establishing the parties' rights, obligations, price, deadlines and other transaction terms.

Plain-English Homebuyer Glossary

R-W

These plain-English definitions are provided for general education. The buyer's contract, loan documents, insurance policy and transaction-specific professional guidance control.

Rate lock

A lender agreement to hold specified mortgage pricing for a stated period, subject to its conditions.

Recording

The filing of the deed, mortgage or other documents in the county's official records.

Reserves

Verified assets remaining or available as required after accounting for the funds needed to close.

Save Our Homes

Florida's limitation on annual increases in the assessed value of qualifying homestead property.

Seller credit or concession

A seller-paid amount applied toward eligible buyer expenses, subject to the contract and mortgage-program limits.

Seller post-closing occupancy

A written arrangement permitting the seller to remain temporarily after ownership transfers.

Special assessment

An association charge imposed in addition to regular dues for a specific expense or project.

Survey

A professional depiction of property boundaries, improvements, easements and possible encroachments.

Title commitment

A preliminary title-insurance document identifying requirements, exceptions and the proposed insured interest.

Title insurance

Insurance covering specified ownership or lender risks associated with title defects.

Underwriting

The lender's review of the borrower, property and transaction under the applicable mortgage requirements.

VA loan

A mortgage guaranteed by the U.S. Department of Veterans Affairs for eligible borrowers.

Vesting

The manner in which legal ownership is held and identified on the deed.

Wind-mitigation inspection

An inspection documenting qualifying construction features that may affect wind-related insurance credits.

Wire fraud

Theft involving fraudulent payment instructions designed to divert closing funds.

Resources and Contact



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OFFICIAL CONSUMER RESOURCES

Consumer Financial Protection Bureau - Homebuying Tools

www.consumerfinance.gov/owning-a-home

HUD - FHA Home Loans

www.hud.gov/helping-americans/loans

U.S. Department of Veterans Affairs - VA Home Loans

www.va.gov/housing-assistance/home-loans

USDA Rural Development - Guaranteed Housing

www.rd.usda.gov

FEMA - Flood Maps

www.fema.gov/flood-maps

Florida Department of Financial Services - Insurance

www.myfloridacfo.com/division/consumers/understanding-insurance

Florida Department of Revenue - Property Tax Benefits

floridarevenue.com/property/Pages/Taxpayers_Exemptions.aspx

NMLS Consumer Access

www.nmlsconsumeraccess.org

LICENSING AND EDUCATIONAL DISCLOSURE

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Information is current as of October 2026 and may change without notice.



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