

# Jimmy Lane's Key West Real Estate Home Ownership Course

FIRST TIME HOMEBUYER PURCHASE, MONTHLY EXPENSES & CLOSING COSTS



# KW Real Estate Background

- Jimmy has been selling residential real estate in the Keys for 20+ years and has seen the island changes.
- The housing market in Key West has seen 30% + appreciation for average sales prices since 2020.
- Key West Forward, The Strategic Plan for the City of Key West 2021 – 2024, polling found that Affordable Housing was the #1 concern (54%).

## Major Areas of Concern to Residents

1. Affordable Housing

2. Sea Level Rise

# Preparing to Buy

## Start Saving

- Earnest \$
- Down payment \$\$
- Closing Costs – typically range from 2% to 5%
- Move-in expenses
- Continued Maintenance (Avg. 1%-3%/year of home's value)

## SAVING PREP TIPS

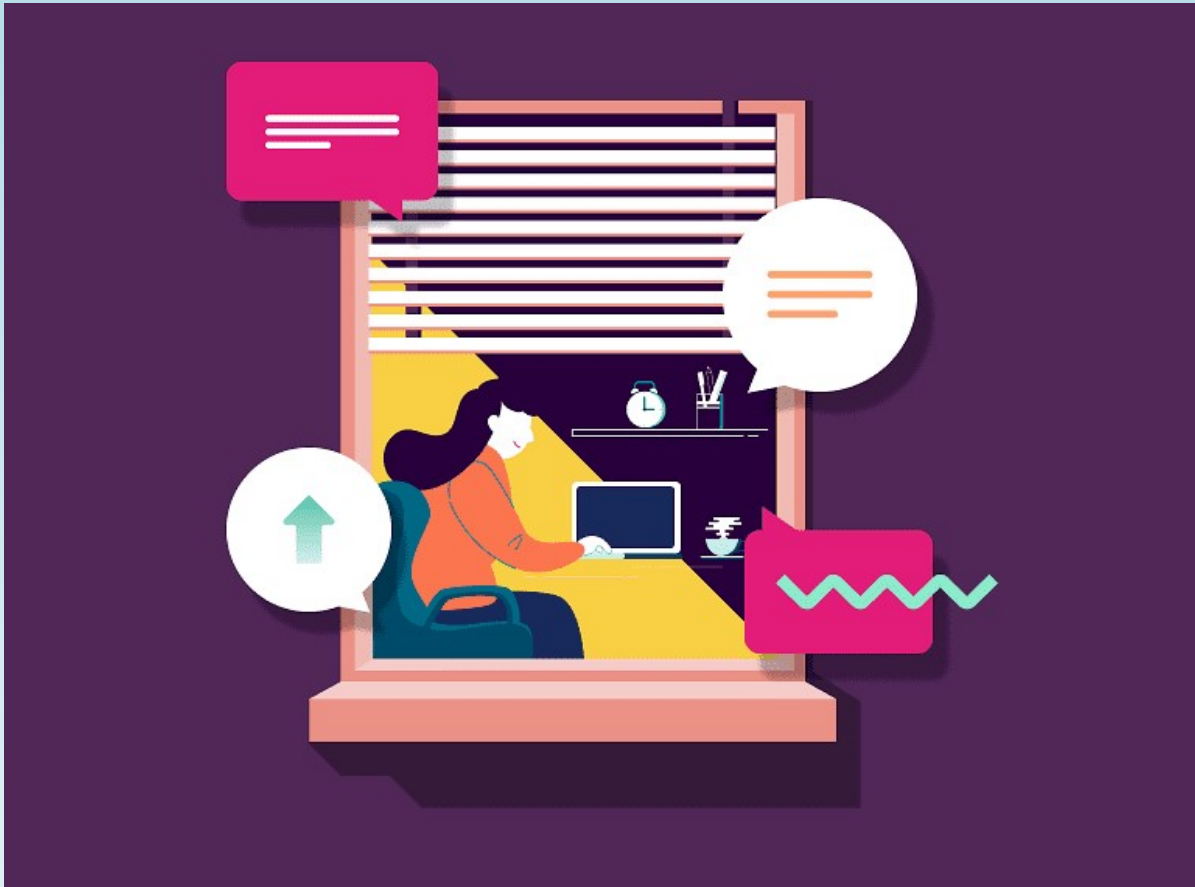
- Set an annual savings goal
- Set up automatic payments from checking into savings account

## Strengthen your credit

- Get free copies of your credit report
- Keep credit balances below 30% of credit limit
- Keep current cards open

## CREDIT PREP TIPS

- During and prior to home purchase, DO NOT make any other large purchases (ex., New Car)



## Select your Team and Stay in Contact

Discuss your communication preferences from the start.

Outline your housing timeline & budget goals with your team.

Set aside time during the day to assure you're keeping informed and meeting deadlines.

# Gather Necessary Documents

## Proof

Collect proof of employment, including pay stubs and past tax returns.

## Print out

Print out bank and investment account statements from the past 90 days.

## Compile

Compile your previous addresses and current landlord's contact information.



## Apply for Assistance & Get Pre-Approved

Understand and apply for grants and specialized loan programs

Assure you have all your financial documents available

Request Pre-approval to bolster your contract offer

**"AS IS" Residential Contract For Sale And Purchase**  
 THIS FORM HAS BEEN APPROVED BY THE FLORIDA REALTORS AND THE FLORIDA BAR



11 **PARTIES:** \_\_\_\_\_ ("Seller"),  
 12 and \_\_\_\_\_ ("Buyer"),  
 13 agree that Seller shall sell and Buyer shall buy the following described Real Property and Personal Property  
 14 (collectively "Property") pursuant to the terms and conditions of this AS IS Residential Contract For Sale And Purchase and  
 15 any riders and addenda ("Contract").

16 **1. PROPERTY DESCRIPTION:**  
 17 (a) Street address, city, zip: \_\_\_\_\_  
 18 (b) Property is located in: \_\_\_\_\_ County, Florida. Real Property Tax ID No.: \_\_\_\_\_  
 19 (c) Real Property: The legal description is \_\_\_\_\_  
 20 \_\_\_\_\_  
 21 \_\_\_\_\_  
 22 together with all existing improvements and fixtures, including built-in appliances, built-in furnishings and attached  
 23 wall-to-wall carpeting and flooring ("Real Property") unless specifically excluded in Paragraph 1(e) or by other terms  
 24 of this Contract.  
 25 (d) Personal Property: Unless excluded in Paragraph 1(e) or by other terms of this Contract, the following items which  
 26 are owned by Seller and existing on the Property as of the date of the initial offer are included in the purchase  
 27 range(s)(oven(s), refrigerator(s), dishwasher(s), disposal, ceiling fan(s), intercom, light fixture(s), drapery rods and  
 28 draperies, blinds, window treatments, smoke detector(s), garage door opener(s), security gate and other access  
 29 devices, and storm shutters/panels ("Personal Property").  
 30 Other items included in this purchase are: \_\_\_\_\_  
 31 \_\_\_\_\_  
 32 Personal Property is included in the Purchase Price, has no contributory value, and shall be left for the Buyer.  
 33 (e) The following items are excluded from the purchase: \_\_\_\_\_  
 34 \_\_\_\_\_

35 **PURCHASE PRICE AND CLOSING**

36 **2. PURCHASE PRICE (U.S. currency):** ..... \$ \_\_\_\_\_  
 37 (a) Initial deposit to be held in escrow in the amount of (checks subject to COLLECTION) ... \$ \_\_\_\_\_  
 38 The initial deposit made payable and delivered to "Escrow Agent", named below  
 39 (CHECK ONE): (i)  accompanies offer or (ii)  is to be made within \_\_\_\_\_ (if left blank,  
 40 then 3) days after Effective Date. IF NEITHER BOX IS CHECKED, THEN OPTION (ii)  
 41 SHALL BE DEEMED SELECTED  
 42 Escrow Agent Information: Name: \_\_\_\_\_  
 43 Address: \_\_\_\_\_  
 44 Phone: \_\_\_\_\_ E-mail: \_\_\_\_\_ Fax: \_\_\_\_\_  
 45 (b) Additional deposit to be delivered to Escrow Agent within \_\_\_\_\_ (if left blank, then 10)  
 46 days after Effective Date..... \$ \_\_\_\_\_  
 47 (All deposits paid or agreed to be paid, are collectively referred to as the "Deposit")  
 48 (c) Financing: Express as a dollar amount or percentage ("Loan Amount") see Paragraph 8 ..... \$ \_\_\_\_\_  
 49 (d) Other: \_\_\_\_\_  
 50 (e) Balance to close (not including Buyer's closing costs, prepaids and prorations) by wire  
 51 transfer or COLLECTED funds..... \$ \_\_\_\_\_  
 52 **NOTE: For the definition of "COLLECTION" OR "COLLECTED" see STANDRD S.**

53 **3. TIME FOR ACCEPTANCE OF OFFER AND COUNTER-OFFERS; EFFECTIVE DATE:**  
 54 (a) If not signed by Buyer and Seller, and an executed copy delivered to all parties on or before \_\_\_\_\_  
 55 \_\_\_\_\_, this offer shall be deemed withdrawn and the Deposit, if any, shall be returned to  
 56 Buyer. Unless otherwise stated, time for acceptance of any counter-offers shall be within 2 days after the day the  
 counter-offer is delivered.  
 (b) The effective date of this Contract shall be the date when the last one of the Buyer and Seller has signed or initialed  
 and delivered this offer or final counter-offer ("Effective Date").

57 **4. CLOSING DATE:** Unless modified by other provisions of this Contract, the closing of this transaction shall occur and  
 58 the closing documents required to be furnished by each party pursuant to this Contract shall be delivered ("Closing")  
 59 on \_\_\_\_\_ ("Closing Date"), at the time established by the Closing Agent.

60 **5. EXTENSION OF CLOSING DATE:**  
 61 (a) If Closing funds from Buyers lender(s) are not available at time of Closing due to Truth In Lending Act (TILA) notice  
 62 requirements, Closing shall be extended for such period necessary to satisfy TILA notice requirements, not to  
 63 exceed 7 days.

64 Buyer's Initials \_\_\_\_\_ Seller's Initials \_\_\_\_\_  
 65 FloridaRealtors/FloridaBar-ASIS-2 Rev.8/13 © 2013 Florida Realtors® and The Florida Bar. All rights reserved

# Contract

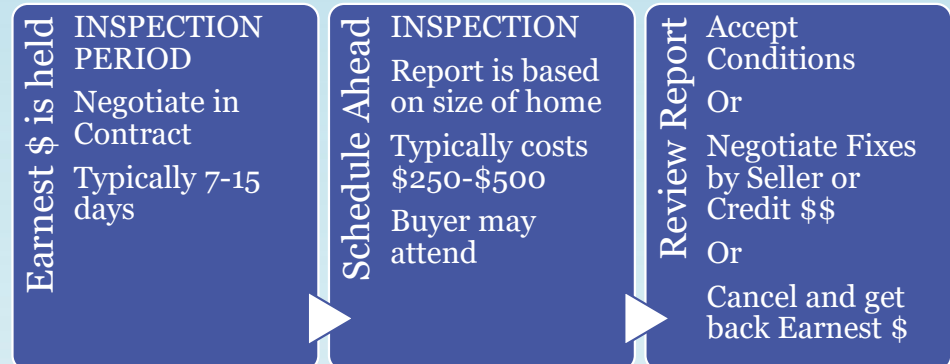
- Purchase Price \$\$
- Earnest \$ (Avg. 3 days) – “good faith” deposit
- Inspection Period (Avg. 7-15 days)
- Financing – apply within 5 days of contract and 30-45 days for loan commitment
- Title insurance – negotiable
- Closing Date – Avg. 60 days
- Negotiate Personal Property (Washer & Dryer), Exclusions & Additional Terms

# Home Inspection

## Buyer's Inspection Period

- Negotiate Inspection Period in Contract
- Determine local inspector
- Schedule Inspection – Buyer pays at time of service
- Expect to budget @ \$500

NOTE: Some companies include insurance mitigation forms and re-inspection in upfront cost





# Home Insurance & Monthly HOA or Condo Fees



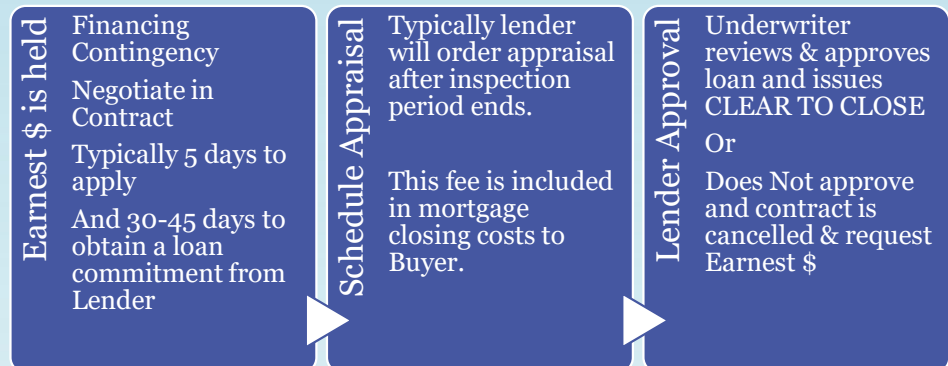
How Insurances and maintenance fees are paid:

- Single Family – Wind Storm, Flood & Home Owners
  - Single family - Paid monthly through mortgage escrow
- **Condo** – Approx \$600/year. “Condo Insurance” A.K.A. HO6 Policy which covers “walls in”.
  - **CONDO - Monthly Condo Assessments** typically include your portion of windstorm & flood insurances, building maintenance, common area maintenance, and management fees.
- HOA Fees – associated typically with townhomes and planned communities. The fee often includes: common area maintenance & management.
  - Insurances will typically be paid by owner (similar to single family).

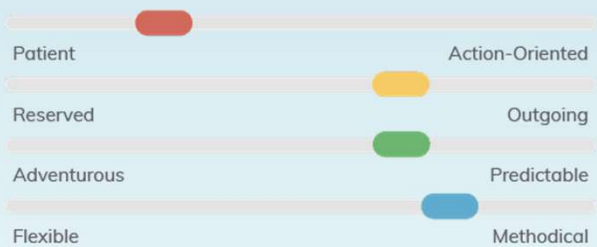
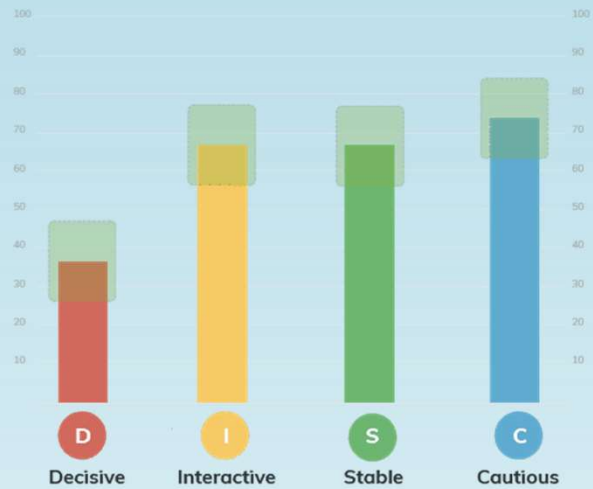
# Financing Contingency

**Financing contingency:** This contingency gives you the right to back out of the deal if your mortgage approval falls through. You have a specified time period, as stated in the sales contract, during which you have to obtain a loan that will cover the mortgage.

**Appraisal:** A third party appraiser is hired by your mortgage lender to evaluate the fair market value of the home. If the appraised value is less than the sale price, the financing contingency enables you to back out of the deal.



# Title & Closing Agent



A closing agent is responsible to perform numerous functions prior to and during the real estate closing, including:

- Ordering title work & issuing title commitment;
- Ordering the HOA or Condo Estoppels and/or survey
- Preparing the closing disclosure, completing the loan closing package and requesting a loan Payoff Statement from Seller
- Disbursing the closing funds;
- Sending the signed mortgage documents to the lender for a funding number and/or disbursement approval;
- Recording the documents and forwarding recorded documents to the parties and lender;
- Issuing and sending title insurance policies to lender and buyer; and
- Conducting the closing.



# Closing Costs

Many of the closing costs you'll pay as a buyer are related to the opening of your mortgage. Closing costs can vary significantly based on the type of loan you choose.

Buyer closing costs are usually between 3% to 5% of the home's purchase price.

# Closing Costs by Loan Type

## Conventional

Closing costs range between 2% and 5% of the purchase price. If you make a down payment less than 20%, you'll pay private mortgage insurance until you reach a loan-to-value ratio (LTV) of 78%, when you can request discontinuation.

## FHA

Closing costs are typically between 3% and 6% of the sales price. This includes an up-front mortgage insurance premium (MIP) fee paid at closing.

## VA

VA loan closing costs range between 2% and 5% of the total loan amount. The wide range can be attributed to the VA funding fee, which is used in VA loans instead of PMI or MIP. The cost of your funding fee ranges from 0.5% to 3.6% of the total loan cost, depending on a few factors like the type of home you're buying and if you've used VA loan benefits before.

# SHIP – State Housing Initiative Partnership

- <https://www.floridahousing.org/programs/homebuyer-overview-page>
- Florida Housing administers the State Housing Initiatives Partnership program (SHIP), which provides funds to local governments as an incentive to create partnerships that produce and preserve affordable homeownership and multifamily housing. The program was designed to serve very low, low and moderate income families.
- Florida Housing offers a Homebuyer Program that offers 30-year fixed rate first mortgage loans to first time homebuyers through participating lenders and lending institutions throughout the State of Florida.
- Eligible borrowers may also participate in one of Florida Housing's second mortgage programs to assist borrowers with down payment assistance and closing costs.

# SHIP 2nd MORTGAGE LOAN

## 2022 Income Limits

HUD release: 4/18/2022  
 Effective: 4/18/2022  
 Implement on/before: 6/1/2022  
 FHFC Posted: 4/25/2022

**2022 Income Limits and Rent Limits**  
 Florida Housing Finance Corporation  
 Multifamily Rental Programs and CWHIP Homeownership Program  
 NOTE: Does not pertain to CDBG-DR, HHRP, HOME, NHTF or SHIP

County (Metro)	Percentage Category	Income Limit by Number of Persons in Household										Rent Limit by Number of Bedrooms in Unit					
		1	2	3	4	5	6	7	8	9	10	0	1	2	3	4	5
Monroe County	20%	14,360	16,400	18,460	20,500	22,140	23,780	25,420	27,060	28,700	30,340	359	384	461	533	594	656
	25%	17,950	20,500	23,075	25,625	27,675	29,725	31,775	33,825	35,875	37,925	448	480	576	666	743	820
	28%	20,104	22,960	25,844	28,700	30,996	33,292	35,588	37,884	40,180	42,476	502	538	646	746	832	918
	30%	21,540	24,600	27,690	30,750	33,210	35,670	38,130	40,590	43,050	45,510	538	576	692	799	891	984
	33%	23,694	27,060	30,459	33,825	36,531	39,237	41,943	44,649	47,355	50,061	592	634	761	879	980	1,082
	35%	25,130	28,700	32,305	35,875	38,745	41,615	44,485	47,355	50,225	53,095	628	672	807	932	1,040	1,148
	40%	28,720	32,800	36,920	41,000	44,280	47,560	50,840	54,120	57,400	60,680	718	769	923	1,066	1,189	1,312
	45%	32,310	36,900	41,535	46,125	49,815	53,505	57,195	60,885	64,575	68,265	807	865	1,038	1,199	1,337	1,476
	50%	35,900	41,000	46,150	51,250	55,350	59,450	63,550	67,650	71,750	75,850	897	961	1,153	1,332	1,486	1,640
	60%	43,080	49,200	55,380	61,500	66,420	71,340	76,260	81,180	86,100	91,020	1,077	1,153	1,384	1,599	1,783	1,968
70%	50,260	57,400	64,610	71,750	77,490	83,230	88,970	94,710	100,450	106,190	1,256	1,345	1,615	1,865	2,080	2,296	
80%	57,440	65,600	73,840	82,000	88,560	95,120	101,680	108,240	114,800	121,360	1,436	1,538	1,846	2,132	2,378	2,624	
Median: 100,500																	
120%	86,160	98,400	110,760	123,000	132,840	142,680	152,520	162,360	172,200	182,040	2,154	2,307	2,769	3,198	3,567	3,936	
140%	100,520	114,800	129,220	143,500	154,980	166,460	177,940	189,420	200,900	212,380	2,513	2,691	3,230	3,731	4,161	4,592	
150%	107,700	123,000	138,450	153,750	166,050	178,350	190,650	202,950	215,250	227,550	2,692	2,883	3,461	3,997	4,458	4,920	
HERA Special Limits per Section 142(d)(2)(E) (est. 2022)	25% - HS	19,150	21,875	24,600	27,325	29,525	31,700	33,900	36,075	38,255	40,441	478	512	615	710	792	874
	28% - HS	21,448	24,500	27,552	30,604	33,068	35,504	37,968	40,404	42,846	45,294	536	574	688	795	887	979
	30% - HS	22,980	26,250	29,520	32,790	35,430	38,040	40,680	43,290	45,906	48,529	574	615	738	852	951	1,049
For use by projects that placed in service at least one building on or before 12/31/2008	33% - HS	25,278	28,875	32,472	36,069	38,973	41,844	44,748	47,619	50,497	53,382	631	676	811	938	1,046	1,154
	35% - HS	26,810	30,625	34,440	38,255	41,335	44,380	47,460	50,505	53,557	56,617	670	717	861	994	1,108	1,224
	40% - HS	30,640	35,000	39,360	43,720	47,240	50,720	54,240	57,720	61,208	64,706	766	820	984	1,137	1,268	1,399
	45% - HS	34,470	39,375	44,280	48,185	53,145	57,060	61,020	64,935	68,859	72,794	861	923	1,107	1,279	1,426	1,574
	50% - HS	38,300	43,750	49,200	54,650	59,050	63,400	67,800	72,150	76,510	80,882	957	1,025	1,230	1,421	1,585	1,749
	60% - HS	45,960	52,500	59,040	65,580	70,860	76,080	81,360	86,580	91,812	97,058	1,149	1,230	1,476	1,705	1,902	2,099

Low = 51% to 80% of Median Income  
 Moderate = 81% to 120% of Median Income







### Closing Cost Worksheet - Purchase

This worksheet is for informational purposes only; it is not a Good Faith Estimate of Settlement Costs. The Good Faith Estimate will be mailed to you within three business days from the date the lender receives your application.

Client(s): New Homeowner Type of Loan: 30 year fixed  
 Property Address: Lofts and Bahama Village  
 City: Key West State: FL Zip: 33040

#### MONTHLY PAYMENT ESTIMATE - BORROWER

Purchase Price	\$	<u>203,000</u>	A. Principal and Interest *****	\$	<u>754.32</u>
Loan Amount	\$	<u>158,000</u>	B. Second Payment	\$	<u>0.00</u>
Interest Rate		<u>4.000%</u>	C. Taxes	\$	<u>154.29</u>
Loan Term:		<u>360 Months</u>	D. Insurance	\$	<u>50.00</u>
			E. PMI	\$	<u>0.00</u>
Second Mortgage Loan Amount	\$	<u>45,000.00</u>	F. Association Fee (not included in payment to lender)	\$	<u>0.00</u>
Interest Rate		<u>0.00%</u>	G. Other	\$	<u>0.00</u>
			TOTAL	\$	<u>958.61</u>

\*\*\*\*\* For Interest Only products, this amount represents the initial Interest Only payment.

# Closing Costs

Using example of \$203,000 purchase with 3% down.

3% Good faith deposit = \$6,090

NOTE: Monthly Condo Assoc. fee not included in TOTAL.

Condo Fee - common area maintnc., insurances, management, etc

Key West Avg = \$500-\$600/mo.

Monthly estimated total = Approx. \$1,500/mo

**ESTIMATED LOAN COSTS**

Discount	0.00	\$	0.00
Tax Service Fee		\$	0.00
Appraisal Fee		\$	590.00
Credit Report		\$	0.00
Lenders Administration Fee		\$	1,195.00
Flood Certification		\$	0.00
Settlement/Closing Fee		\$	600.00
Title Search		\$	150.00
Title Insurance		\$	25.00
Title Policy Endorsement		\$	170.00
Recording Fee		\$	180.00
State Doc Stamps	0.0035	\$	553.00
Intangible Tax	0.002	\$	316.00
Courier Fee		\$	0.00
Survey Fee		\$	900.00
Escrow Waiver Fee	0	\$	0.00
Processing Fee		\$	0.00
		\$	0.00
		\$	0.00
		\$	0.00
		\$	0.00
		\$	0.00
		\$	0.00
<b>TOTAL (1)</b>		\$	<b>4,679.00</b>

**ESTIMATED PREPAID & ESCROW COSTS - BORROWER**

Perdiem Interest				\$	
10 Days @	\$17.56			\$	175.56
Mortgage Insurance Premium				\$	
H06 Insurance (12 months)				\$	600.00
				\$	
				\$	
<b>TOTAL (2)</b>				\$	<b>775.56</b>
Hazard Insurance				\$	
3 months @	\$50.00 /month			\$	150.00
Mortgage Insurance				\$	
0 months @	0 /month			\$	0.00
Real Estate Taxes				\$	
3 months @	\$154.29 /month			\$	462.87
Flood Insurance				\$	
0 months @	0 /month			\$	0.00
Other:				\$	
0 months @	0 /month			\$	0.00
				\$	
<b>TOTAL (3)</b>				\$	<b>612.87</b>

# Closing Costs Continued

**APPROX 2021 BUYER COSTS:**

Loan costs = \$4,679

Prepaid = \$775.56

Reserves = \$612.87

Escrow 3% = \$6,090

NOTE: example estimate

Escrow = \$0

**ESTIMATED COST TO BUYER with 3% Escrow = \$12,157.43**

**First Horizon Grant = \$4,000 towards closing costs and prepaids**

Estimated summary of your purchase:

A. Purchase Price	\$	203,000.00	
B. (1) Estimated Closing Costs	\$	4,679.00	6,067.43
C. (2) Estimated Prepaids	\$	775.56	
D. (3) Estimated Reserves	\$	612.87	
<b>TOTAL</b>	\$	<b>209,067.43</b>	

Minus		
Escrow Deposit	(\$	0.00)
*FIRST HORIZON GRANT	(\$	4,000.00)
Seller Paid Closing Cost	(\$	0.00)
New Mortgage Amount	(\$	158,000.00)
Second Mortgage Amount	(\$	45,000.00)
<b>ESTIMATED CASH (FROM)/TO BORROWER</b>		<b>(2,067.43)</b>

\*Must be used with First Horizon 1st mortgage product

# Low-Income & Workforce Homeownership Options and Closing Costs

## AH Monroe Projects

- Earnest \$
- Down payment \$\$
- Each homeowner will have the option to select a lender/mortgage financing company of their choice.
- Information was covered during AH Monroe presentation 2/2023.

## Habitat for Humanity

- Apply to Habitat for Humanity
- Apply for SHIP Loan
- For those that don't qualify for SHIP, work closely with Habitat Rep to show proof of funds of \$10K max for pre-paid taxes & insurance due at close.

## Deed Restricted properties on MLS

- Work closely with Local RE Agent & Lender
- Apply for SHIP Loan through Lender
- Apply with city to meet residency and income requirements.

## CLOSING COSTS

- Most closing costs are due on the day of closing, when the title of the property is transferred from seller to buyer.
- However, there are some closing costs paid before closing, such as inspections.