

# Smart Start

— HOMEBUYING BASICS —

Everything You Need to Know  
Before Buying a Home



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HOMES



Clayton Properties Group, Inc. DBA in Texas as Brohn Homes is an equal housing builder.



# *Welcome to* **Smart Start: Homebuying Basics**

At Brohn Homes, we believe homeownership should be exciting—not overwhelming. That’s why we created this workbook to walk you through the process, help you ask the right questions, and give you space to reflect, take notes, and make smart decisions for your future.



### Glossary: Homebuying Terms to Know

We've put together this quick glossary to help you feel more confident and informed every step of the way. When you know the lingo, the process feels a whole lot easier.

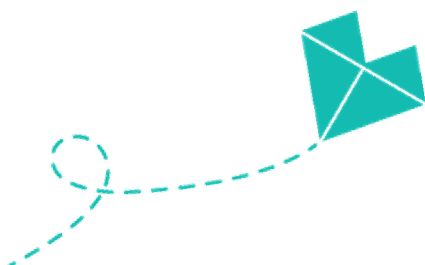


- **Appraisal:** An expert's estimate of a home's market value, usually required by the lender before finalizing your loan.
- **Closing Costs:** Fees paid at the end of the home purchase process. These include lender fees, title fees, taxes, and more.
- **Credit Score:** A number that reflects your historical credit health. It helps lenders decide whether to approve your loan and what rate to offer.
- **Down Payment:** The upfront cash you pay that typically ranges from 3% to 20% and reduces the amount financed.
- **Earnest Money:** A deposit that shows you're serious about buying. It's applied to your closing costs or down payment later.

## Getting Started

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- **Escrow:** A neutral third party that holds money or documents safely until all conditions of the sale are met.
- **HOA (Homeowners Association):** An organization that maintains shared spaces in a neighborhood and enforces community rules. Fees are usually required.
- **Interest Rate:** The percentage charged by your lender for borrowing money. This impacts your monthly mortgage payment.
- **Loan Estimate:** A standardized form from your lender showing your estimated interest rate, monthly payment, and total closing costs.
- **MIP/PMI:** Extra insurance typically required if your down payment is less than 20%.



## Getting Started

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- **MUD (Municipal Utility District) or PID (Public Improvement District):** A special district that provides water, sewer, and other services in some new communities. Fees may be included in your property taxes.
- **Pre-Approval:** A more official OK from a lender after reviewing your credit and finances. It shows sellers you're a serious buyer.
- **Pre-Qualification:** An informal estimate of what you might be able to borrow, based on basic financial info you provide.
- **Title:** Legal ownership of a home or land. A title company helps ensure the title is clear and legally transferable to you.
- **Warranty:** A policy that covers certain repairs or defects in your new home for a specific period after move-in. This typically only applies to new construction homes.



# What to Know About Credit, Down Payments & Closing Costs

When buying a home, a common question is, “How much do I need to save?” This depends on factors like your credit score, loan type, and potential financial assistance. We'll cover the basics here, and our experts will offer more personalized insights.



### Credit & Pre-Approval

- Credit Score Requirements vary by loan type, but generally the higher your score, the better your loan terms.
- If your credit needs some work, there are credit repair options available—ask what might be right for your situation.
- A pre-approval tells you how much home you can afford (a.k.a. your buying power) and shows sellers you're serious.
- You may hear the term pre-qualification too—it's a looser estimate and not as strong as a pre-approval.
- *Tip: Large purchases and changes in employment after approval can impact your ability to close on your home.*

# Financing & Affordability

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## Down Payment & Closing Costs

- You don't always need 20%! Down payment requirements differ depending on the loan (FHA, VA, USDA, Conventional).
- Programs like **HomeFundIt** let friends and family contribute to your down payment as a gift registry.
- For a down payment, you might use funds from a 401(k) or investment account.
- Closing costs typically range from 2%–5% of the home price and cover things like lender fees, title insurance, and more.

Notes:



# Making Smart Decisions After You Know Your New Home Budget

After you understand your buying power, the real decision-making starts. This section helps you make confident choices about negotiating incentives, inspections, taxes, and monthly payments. Use this space to take notes, ask questions, and begin thinking like a homeowner.

### **What's Negotiable?**

- **Builder Incentives** – Builders often offer closing cost help, upgrades, or interest rate buy-downs. Ask what's available.
- **Understanding the Market** – Knowing what similar homes sell for in the area can help with negotiations.

Notes:

# Navigating the Next Steps

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## Inspections

- When to Get an Inspection – Even with a new home, an independent inspection can help catch missed items.
- What to Expect – Inspectors look at structure, systems, appliances, and more.
- Costs – Inspections vary in price, but usually range from \$300–\$600.

## Moving Expenses

- Don't Forget to Budget – Moving trucks, storage, deposits, and utility transfers all add up quickly.
- Plan Early – Get quotes and lock in dates in advance—especially during peak moving seasons.

Notes:



# Navigating the Next Steps

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## Understanding Monthly Payments

- What's Included? – Principal, interest, property taxes, homeowners insurance, and possibly HOA or MUD/PID fees. (See our Home Comparison Checklist in the next section.)
- Escrow Explained – An account that holds your tax and insurance payments so your lender can pay them on your behalf.
- Property Tax Changes – In new builds, your first year's tax is based on land only. Expect it to increase in year two.
- Tax Rate Differences – Neighborhoods with MUD/PID can fluctuate over time.

Notes:

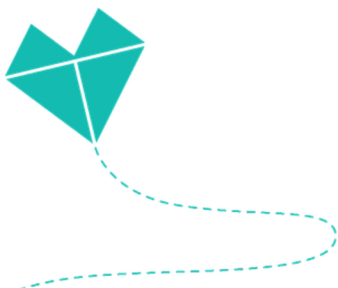
# Navigating the Next Steps

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## Rate Buy-Downs & Refinancing

- Rate Buy-Downs – You can pay upfront to lower your interest rate. Ask: how long will it take to break even?
- When to Refinance – If rates drop or your credit improves, refinancing may lower your monthly payment.
- Refinancing Costs – For most lenders, you will pay closing costs again between 2% and 5% of your loan amount.

Notes:



# The True Cost of Homeownership

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## Beyond the Mortgage

Your monthly mortgage payment is not the only cost associated with homeownership, and for many buyers, this can come as a surprise. From the moment you receive the keys to your new home, expenses can begin to accumulate. National data indicates that new homeowners often spend \$10,000 or more in the first year alone on various items such as a refrigerator, washer and dryer, blinds, landscaping, and minor upgrades that were not included in the initial purchase.

It's important to plan for these expenses, and at Brohn, we believe that potential homeowners should approach their purchase with a clear understanding of what to expect. We want our homeowners to feel confident and prepared, rather than caught off guard.

## What You Get: Know Before You Buy

That's why we created this helpful checklist: to give you a clear picture of what's typically included in a new Brohn home—and what's not always included. Many features usually considered upgrades come as standard in our homes. From landscaping to energy-efficient options, we aim to offer you more value, helping you settle in quickly and stress-free.

# The True Cost of Homeownership

## The Home Comparison Checklist

Use the columns provided to tally up what you'd need to spend on your new home—and see how Brohn stacks up.

Cost Category	Brohn Homes	Other Home	Other Home	Research Notes
Mortgage (Principal and Interest)				
Property Taxes and Homeowner's Insurance				
HOA or MUD Fees				
Utilities (Water, Gas, Electric)				
Maintenance and Repairs				
Window Coverings				
Complete Appliance Package				
Front and Back Landscaping	✓			
Energy Efficient Homes	✓			
HERS Score and Third Party Certification	✓			
Warranty Coverage and Dedicated Team	✓			
Financing Closing Costs				

# Thoughts & Takeaways

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## Wrapping It All Up

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### You're More Prepared Than You Think

Buying a home is a major financial and emotional decision. With the knowledge of real estate terminology and an understanding of financing, inspections, incentives, and monthly payments, you're now better prepared for homeownership.

Our goal was to help clarify what the home-buying process involves. We hope you feel more confident and excited about the journey ahead. When you're ready, we would be honored to help you find or build a home that suits your needs and dreams.

#### Have more questions?

We're here for you—our team is ready to help with any questions you may have at any stage of your journey!

#### Contact Our Team!



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