

The Complete Guide To Buying a Home in **New Jersey**



Gloria
NILSON & co
REAL ESTATE

Table of Contents

Introduction 3

Different Types of Real Estate 4

Determining Your Needs 7

Determining What You Can Afford 9

Finding the Perfect Home for You 14

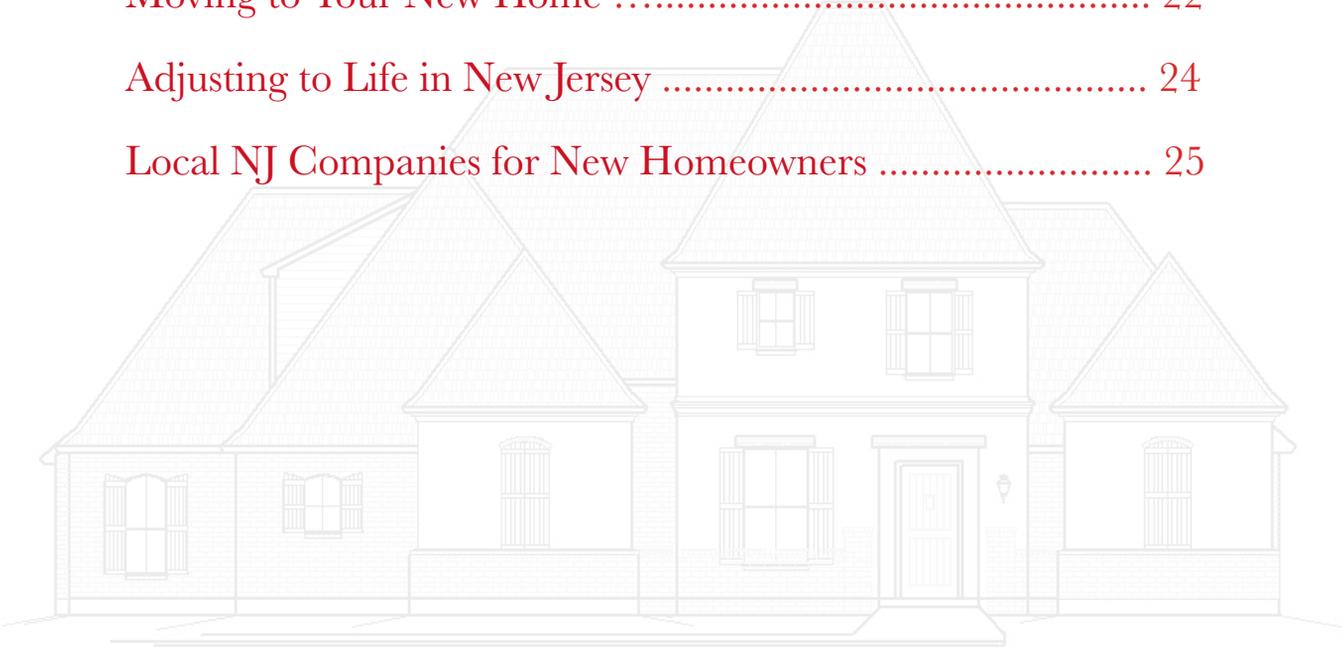
Evaluating Potential Homes 17

Completing the Purchase 20

Moving to Your New Home 22

Adjusting to Life in New Jersey 24

Local NJ Companies for New Homeowners 25



Introduction

Buying a home is one of the most expensive purchases you will ever make. That's why it's important to be smart and intentional throughout the entire process.

The journey may be long, but it will be worth it in the end. There will be many conversations to be had and many numbers to look at.

This guide will help you form a strong course of action for finding the perfect home. You will also want to consult with a local real estate agent early on, as they can help you stay on top of everything and make sure you take all the necessary steps.

Best of luck to you on your search.

- The Gloria Nilson & Co. Real Estate Team



Section 1:

The Different Types of Real Estate

Before we delve into the financial aspects of buying a home, it's important to consider the different real estate options you have.

Vacant Land



This is exactly what it sounds like - land that is not occupied by any kind of structure and the only thing usually standing in the way is a few trees.

This is great for people wanting to build their own home from scratch. It is also great for farms, ranches, and people who simply want to invest in land. It can also be a great option for commercial real estate development.

Tradeoffs of Buying Vacant Land



LOCATION



COST



TIME



DISCLOSURES

Buying vacant land is not without its trade-offs though. There are four major ones which we will discuss on the next page.



Location

If you plan to build on a vacant lot, keep in mind the land will usually be located outside of the central areas where people like to live. Many of those areas have already been built upon.



Time Constraints

Time is another trade-off people face because it takes anywhere from nine to twelve months to get the property ready, set the foundation, and build the house.



Disclosure

Many times, certain information about the land you are purchasing doesn't have to be disclosed.

Be sure to follow the paper trail at the local assessor's office to find out about local flood zones, fire prone areas, and other details that can determine how prone to damage your future property is.



Cost

You need to consider the costs of the land, any needed improvements to the land, and the construction of the structure you are building. These costs can add up quickly and can outweigh simply buying a new home.

It's not all doom and gloom though. Building your own home on a vacant lot gives you total freedom for customization and making your home exactly how you want.

If these trade-offs still aren't worth it to you, you may want to look into pre-built residential property.

Residential Property

Residential property includes all of the following: cottages, houses, villas, cabins, duplexes, and yes, even mansions.

While all of these terms for different homes exist, there are really only two major categories they fall under:

Two Types of Residential Real Estate



Condominiums & Townhouses

Description: Single units within a larger building

Pros: No maintenance, availability of public amenities

Cons: Less privacy, remodeling restrictions, higher noise levels, HOA rules and fees, smaller living space.

Cost: \$\$\$\$



Single-Family Homes

Description: This is one of the most popular types of residential living and the ideal for most families.

Pros: Maximum privacy and freedom

Cons: More expensive, completely responsible for maintenance and yard work.

Cost: \$\$\$\$

These are the classical options people think of when buying a home. Compared to vacant land, you give up full customization but will likely save both time and money.

Section 2:

Determining Your Needs

No matter what type of property you are looking for, you will have needs that need to be met. Do you have a large family, and thus, need more space? Do you want to live inside the city?

These are just a couple of the questions you'll need to ask yourself when deciding what your future home needs to have. There are three major categories of needs:

Mandatory Requirements

Things the home **MUST** have or you won't even consider it.

This can include: having a certain number of bedrooms, being located within a certain area, or having an attached garage. These requirements will vary from buyer to buyer.

Deal Breakers

These are problems or amenities the house may have that would make you not want to buy it.

This can include not having a storm cellar, being a certain age, using only gas appliances, or not being energy efficient. Once again these are all unique to each individual buyer.

Negotiables

These are things you can either want or do not want, but would be **OKAY** if they were present – as long as all of the mandatories

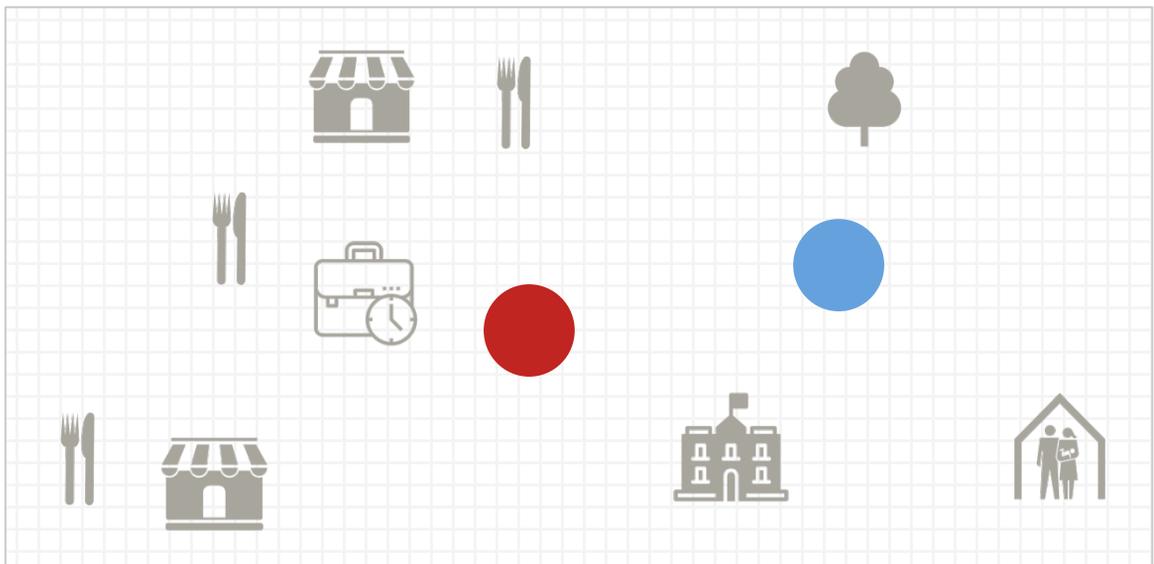
and none of the deal breakers were present

This can include things like having a pool, having a shed, and having a large kitchen.

Always be sure that needs are taken care of prior to looking for the negotiables. Remember that certain amenities can always be added to a home in the future.

Location & Proximity Factors

One of the most important factors of choosing a home is determining how close you want your home to be to different locations, including your work, relatives, schools, grocery stores, and restaurants.



As you can see in the example above , no house will be perfectly located. You will need to calculate the trade-offs and differentiate between the ‘must-haves’ and ‘nice-to-haves’. Do you want to be closer to work or to your child’s school? Do you want to be closer to stores or closer to relatives? Note, that the closer a home is to popular attractions, the more likely it is to be expensive.

Section 3:

Determining What You Can Afford

Now that you've considered your real estate options and what you're needs are, it's time to determine what you can afford. There are a number of factors that will determine what you can afford and what kind of loan you will qualify for, including:

- Total household income
- Current Debts
- Down Payment Amount
- Credit Score
- Stable Financial History

General Rules of Thumb

20%

DOWN
PAYMENT

28%

OF PRE-TAX
INCOME

580

MINIMUM FICO
SCORE

In order to avoid paying Private Mortgage Insurance (PMI), you will want to save a **20% down payment**. PMI protects the lending company if you stop making payments on your loan.

As far as your credit score, FHA loan applicants are required to have a minimum FICO score of **580**. Note that this is the minimum, and having a higher credit score can ensure you get the best interest rates on your mortgage.

Finally, your monthly expenses should not exceed 28% of your pre-tax income. This includes **ALL** home expenses. There is more to owning a home than the mortgage payment:

The True Cost of Owning a Home (Annual)	
Principal Payments <i>(included in mortgage)</i>	Varies based on Loan Amount and Term Length
Interest Payments <i>(included in mortgage)</i>	Varies based on Loan Amount and Term Length
Home Insurance	\$942 (NJ Average)
Property Taxes	Around 2.19% of Home Value
Home Maintenance	1 % of total home value
HOA Fees	Varies

Most of these expenses are fixed and cannot be adjusted. The things you can adjust are loan amount and term length. If you save a larger down payment, you will have a smaller loan – which can save thousands on interest. Furthermore, if you choose a 15-year mortgage, you will save even more on interest.

For your convenience, we have created a calculator to get an estimate of what you can afford. It is available [here](#).

Financial Documents Your Bank will Require

Here is a list of things your bank will likely need when considering you for a mortgage:

- 2 years of W-2 Tax Forms
- Paycheck Stubs for Last 30 days
- 3 Months of Investment Account Statements
- Cancelled Rent/Mortgage Checks



Interest Rate Options

There are many financing options to choose from, and each option can have a different method of calculating interest. There are two main options to be aware of:

Fixed-Rate: This is when the interest rate of the home stays the same throughout the entire time that you are paying for the home.

Adjustable-rate: This is where the interest rate changes throughout the time that you're paying off the loan.

Loan Types

There are a number of private and government loan options. Below are the major ones:

Conventional Loan: This is usually what you will receive from a private bank or a mortgaging company. These types of loans may be a bit harder to qualify for.

FHA Loans: These types of loans are provided by the Federal Housing Administration and the Department of Housing. These loans are open to anyone. The advantage of them is that you only need a 3.5% down payment on the house, but you will need to pay mortgage insurance, which can increase your monthly payments.

VA Loans: This type of loan is through the U.S. Department of Veteran Affairs and is for military service members and their families. The nice thing about this loan is that sometimes the government will give out 100 percent financing, which means no down payment is required.

USDA/RHS Loans: These are given out by the US Department of Agriculture. It is managed by the Rural Housing Association and is intended for lower-income families who are unable to attain conventional financing.

New vs. Used

Choosing whether to buy a newly built home versus a new home can dramatically impact the amount you pay. Here are the pros and cons of buying a new home:

Pros & Cons of Buying a New Home	
Pros	Cons
✓ No pre-existing issues because everything is new	- More expensive than buying used (sometimes by up to 20%)
✓ Move-In Ready	- Location may not be ideal
✓ Newer Technology integration	- Could be subject to costly HOAs
✓ Green Features which can reduce utility costs or provide tax incentives	- Construction noise in neighborhood
✓ Newer design/style	- More volatile property values

Below are the pros and cons of buying a used home:

Pros & Cons of Buying a Used Home	
Pros	Cons
✓ Can be cheaper	- Harder to find because of less inventory
✓ Better, more central location	- Might have major problems you don't initially notice
✓ Can buy in an established school district	- Fewer amenities and less technology
✓ Can own in a more reputable and recognized neighborhood	- More competition to get your offer accepted
✓ Can have more character or a more custom design	- May be smaller

Actionable Steps You Can Take To Prepare

- Start saving for a down payment by setting up a budget and reducing superfluous expenses. A larger down payment can help you pay less in interest.
- Look at other ways of gaining income, such as part-time jobs
- Do not take on any new debt and work on reducing debt-load.
- Do not make any unusually large transfers of money in the months preceding your home purchase.

Section 4:

Finding The Perfect Home For You

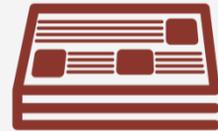
Now that you know what you want and have a price in mind, it's time to start the search. There are a number of real estate shopping resources, including:



**REAL ESTATE
AGENT**



**REAL ESTATE
WEBSITES**



**NEWSPAPER
ADS**



SOCIAL MEDIA



DRIVING AROUND

Real Estate Agents

One of the first things you should do to begin your home search is contact a real estate agent in the city you are planning to move to. They will have extensive knowledge of the local market and can help you find the right home.

When hiring a real estate agent for the first time, you will likely discuss arrangements of how the relationship is set up and can be presented with a 'buyer agency agreement'. This agreement

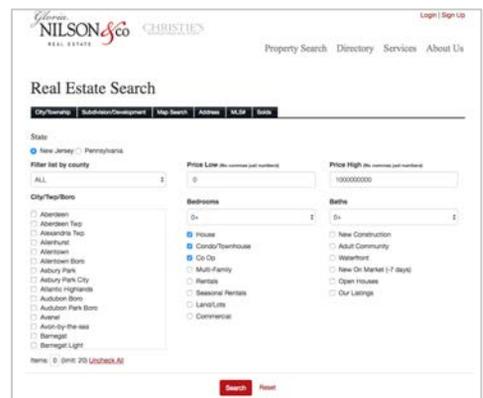
helps the real estate agent ensure he gets compensated for his or her work.

The value of hiring a real estate agent is almost immeasurable. Buying or selling a home is a large and complicated task and real estate agents have spent countless hours perfecting their craft.

Real estate agents have access to the most accurate information. They go out of their way to take the difficulty out of the home buying process because that's literally their job. They are there to show people 20, 30 even 50 homes until they find the one that is the perfect fit, and will hold buyers hands through the entire process. They can recommend lenders, title companies, contractors and handymen. Real estate agents can help you find whatever information you need to make the world of real estate so much easier for you.

Real Estate Website Listings

Visiting real estate websites, like Gloria Nilson & Co. Real Estate, is a great option for seeing the different home offerings in a specific city. Most real estate websites will include tons of information on the home listing, including photos, contact info, and basic statistics.



Beyond that, many of the sites, including Gloria Nilson & Co. Real Estate, offer the ability to create an account and set up alerts. This means that whenever a new home matching your criteria is listed, you will be alerted via email. This lets you find prospective homes with little to no effort.

Newspaper Ads

These types of ads will likely be phased out in the coming years, but for now it is still a valid option for finding new homes for sale. The downside of this method is that there is very limited information available in newspapers.

Social Media

Many real estate companies will post homes they have for sale on their Facebook pages and many people who are doing a For Sale by Owner (FSBO) will post on location-specific pages that are dedicated to buying and selling real estate (or even just items in general).

Driving Around Prospective Neighborhoods

This one is a classic, but is still a go-to choice for many future homebuyers. This just involves going to certain areas that you may be interested in moving to and driving around looking for those “for sale” signs in the front yards. This method can help you get a better feel for location than any of the other methods.

Summary

There are tons of avenues for researching prospective homes. In the end, getting a real estate agent to help you can help you avoid being overwhelmed. Finally, be aware that time of the year can affect what’s available. There is usually a wider selection in Spring, but cheaper prices in Winter.

Section 5:

Evaluating Potential Homes

After you've found some good prospective homes, you will want to take the following steps. Things that look good on paper may not be that good in real life.

Schedule a Tour of The Home

Physically visiting the home can reveal things that weren't visible on the original listing. Here are some things to keep an eye out for when touring a house:

The Neighborhood: Look at the layout, condition of other homes, loudness levels, and proximity to amenities like schools and grocery stores.

Privacy: Be sure that the house has the privacy you want. You don't want to look out your bedroom window into your neighbor's window and you don't want to be able to hear the conversations they're having when you're both in your backyards.

The Home's Exterior: Look at things like the top of the concrete foundation, the shingles on the roof, the paint, the windows, and anything else that could indicate future repairs or past neglect.

Smell and Stains: Keep our eye out for odd smells and bad stains. This once again could be a sign of future repairs that will come out of your pocket.

Space: Be sure that there's enough space in the house to store all of your items. Just because a house has more square footage than where you're moving from doesn't mean there's necessarily more space for storage

Get the Home Inspected

If the tour goes well and you think the house is the one you want to buy, the next step is to hire a home inspector and have them take a closer look at the home. They may be able to identify things you overlooked or were not able to see. A good inspector will evaluate the following:

Exterior: The inspector will inspect the foundation for cracks and the exterior walls for cracks and holes in paneling. The inspector will then check grading to make sure the grade leads away from the house to prevent flooding and/or water damage. Lastly, the inspector will check that the garage door is in working order and if the roof is in good condition.

Interior: The inspector will then check the interior of the house looking at things like plumbing, electrical, heating and air, the water heater, kitchen appliances, laundry room, bathrooms, and fire safety. These are all very important components that could not only cost you thousands in the future, but also put the safety of you and your family at risk.

Another component of the home inspection process is looking for signs of pest infestation. You will want to have a pest control company take a look around the house for insect damage or evidence of past or current pest infestations. Termite damage can sometimes be irreparable and rat and mice infestation can lead to chewed wires that can be a major fire hazard.

Get the Home Appraised

If the home passes all the inspections, the last step before submitting an offer is to get the home appraised. This will help you determine a fair price, and can help you avoid overpaying for a home.

Appraisers look at what is permanently attached to the house. Flooring, walls, cabinets, doors, and windows are just a few of the things that will play a role in the appraiser's final decision.

After the appraisal is done, you're ready to move forward with the homebuying process.

Section 6:

Completing the Purchase

After all of your personal inspections, professional inspections, and appraisal, you are ready to make an offer.

How to Make an Offer

The first step is to let your real estate agent know the offer you are planning to make for the house. The real estate agent will then draft up the paperwork and send it to the owners who will either decline, accept, or counter-offer.

In the event of a counter-offer you can then either accept, decline, or counter-offer back. This process will continue until an offer is either accepted or declined.

Having a real estate agent make the offer is a good idea, as they will be able to build in 'contingencies' and 'disclosures' into the agreement. This will protect you as buyer in case a problem arises later on in the homebuying process.

Arranging Payment and Getting a Loan

Once an offer has been accepted, you now need to secure your home loan. We discussed the available options in Section 3 of this guide. You may also be required to put down 'earnest money' which communicates to the seller that you are serious about purchasing.

If you weren't pre-approved for a loan, you will want to visit your bank and/or other lending companies (such as a credit union) to make the necessary arrangements. Shopping for your loan can be just as intensive as shopping for a house because there are so many different loans and a ton of different prices.

Closing

Once you've secured a loan, the next step is to 'close' on the house. For this process, you will need to bring the necessary loan documentation, account numbers, and a Photo ID.

Be sure to also bring proof of all types of insurance that you have purchased for the home with receipts and documented start dates that match the closing date.

Be sure to also bring any inspection reports that you may have had done to be sure that all issues you may have had have been addressed and taken care of

During the process, you will be presented with tons of paperwork and forms. The paperwork is legally binding, and so it's important that you've done your research and that you understand what each paper is. Be sure to read everything before signing and to ask questions whenever you have them. Your real estate agent and/or real estate lawyer can describe each paper in detail.

Closing costs will also be determined during this meeting and can potentially be negotiated. Closing costs usually end up being between 2-5% of the home's value.

Section 7:

Moving to Your New Home

Once you've finalized all the paperwork and financial arrangements, there is one more step – moving into your new home. This can be a very intensive process. Here is a list of everything you should do

Update your Address with USPS

The first thing you'll want to do is change your address with the USPS to be sure all of your mail still comes to you. You can do this here:

<https://moversguide.usps.com/icoa/home/icoa-main-flow.do?execution=e1s1&flowId=icoa-main-flow>

Hook up Utilities

Before moving in, you'll want to make sure that all of your utilities are hooked up and ready to go. Nobody wants to be in a dark house with no heat or water! Be sure to research the different utility providers and find who has the best services in your area for the price that fits your budget

Pack, Transfer, and Unpack Boxes

Whether you decide to move everything yourself or use a moving service, you want to be sure that all of your items arrive at your new home and that they are all safe and undamaged.

If you're planning on using a moving company, we recommend doing quite a bit of research to find the company that will best fit your needs AND your budget.

After the items arrive at your new home, you will want to unpack your boxes! We recommend labeling everything in detail to make the unpacking process easier.

Registering Your Vehicle

If your moving to New Jersey from another state, you will want to get your vehicle(s) registered in the State of New Jersey. You will also want to get your New Jersey driver's license if you don't have one already. It is recommended to do this within the first 90 days of you moving.

Report Your Change of Address

Make sure that your insurance companies, credit card companies, and everyone else who uses your address for billing and/or services knows that you've moved.

Enroll Your Kids in School

If you have children, you will want to decide which school your child will attend and make sure they are enrolled and ready for class.

Section 8:

Adjusting to Life In New Jersey

Once you've taken care of all the administrative stuff, it's time to assimilate into the culture of the neighborhood you moved to. Here are some starter tips:

Introduce Yourself To Your Neighbors

Just like in all the movies, be sure to get out there and introduce yourself to all of your neighbors. Who knows, maybe one of them is a mechanic that can fix your old car for cheap.

A great technique for doing this is to hold a housewarming party and invite your neighbors over to eat and socialize

Find and Attend Community Events

This is a great way to learn about and get involved in the community while also meeting new people. Events are usually located on social media pages, newspapers, and websites like this one: <http://www.visitnj.org/nj/events>

Drive Around Town and Visit Parks, Malls, Etc.

This is one of the simplest, but most effective ways to get to know a new area. Go for a drive and whenever you see a park, go play. When you see a cool restaurant, go eat. When you see a shopping center, go visit! Do this 1-2 times a week and you'll know the area in no time

Appendix

Local NJ Companies For New Homeowners

In this guide we mentioned the necessity of hiring a home inspector, pest control service, and moving company. We also discussed about setting up utilities. Here are some of the major providers in New Jersey:

Pest Inspection Companies

ChemTec Pest Control

250 Market St
Saddle Brook, NJ 07663
(201) 843-0780
www.chemtecpest.com

Freehold Pest Control

919 NJ-33
Freehold, NJ 07728
(732) 308-1070
www.freeholdpest.com

Viking Pest Control

711 E Main St
Bridgewater, NJ 08807
(732) 560-1200
www.vikingpest.com

Action Termite and Pest Control

1913 Hooper Ave
Toms River, NJ 08753
(800) 920-0906
www.actionpestcontrol.com

Home Cleaners

MaidStay

330 Washington Street #135
Hoboken, NJ 07030
(201) 855-9052
<https://maidstay.com>

Casey's Cleaning

12 W Church St
Jamesburg, New Jersey
(609) 242-1466
www.caseyscleaning.com

Homeowners Insurance Companies

M & C Insurance

6825 Westfield Avenue, Suite A,
Pennsauken, NJ 08110
(856) 320-5614
www.mandcinsurance.com

Beckerman & Company

430 Lake Avenue
Colonia, New Jersey 07067
(732) 499-9200
www.beckermanco.com

Home Inspectors

LookSmart Home Inspections

2 Liberty Pl
Rockaway, NJ 07866
(973) 407-9621
www.looksmarthomeinspections.com

Aurora Home Inspections LLC

2 Liberty Pl
Rockaway, NJ 07866
(973) 407-9621
aurorahomeinspections.com

Double Check Home Inspections

6 Robinson Rd
Allentown, NJ 08501
(609) 208-9798
www.doublecheckhi.com

A-Pro Home Inspection Services

12 Ervin Dr
Trenton, NJ 08620
609-585-0012
<http://apronj.com>

Moving Companies

Oz Moving & Storage

400 Winans Avenue
Hillside, NJ 07205
973-923-0700
www.ozmoving.com/new-jersey

Simonik Transportation & Warehousing Group

122 Kissel Rd
Burlington, NJ 08016
(856) 258-7075
www.simonikallied.com

Lending Companies

Garden State Home Loans, Inc.

2091 Springdale Road, Suite #16

Cherry Hill, NJ 08003

609-216-7912

www.gardenstateloans.com

Caliber Home Loans

343 Thornall St

Edison, NJ 08837

905-705-5882

<https://caliberhomeloans.com>

7th Level Mortgage

401 Route 70 East, Suite #208

Cherry Hill, NJ 08034

856-322-0233

<http://7thlvl.com>