

# CRYE-LEIKE<sup>®</sup>, REALTORS<sup>®</sup>

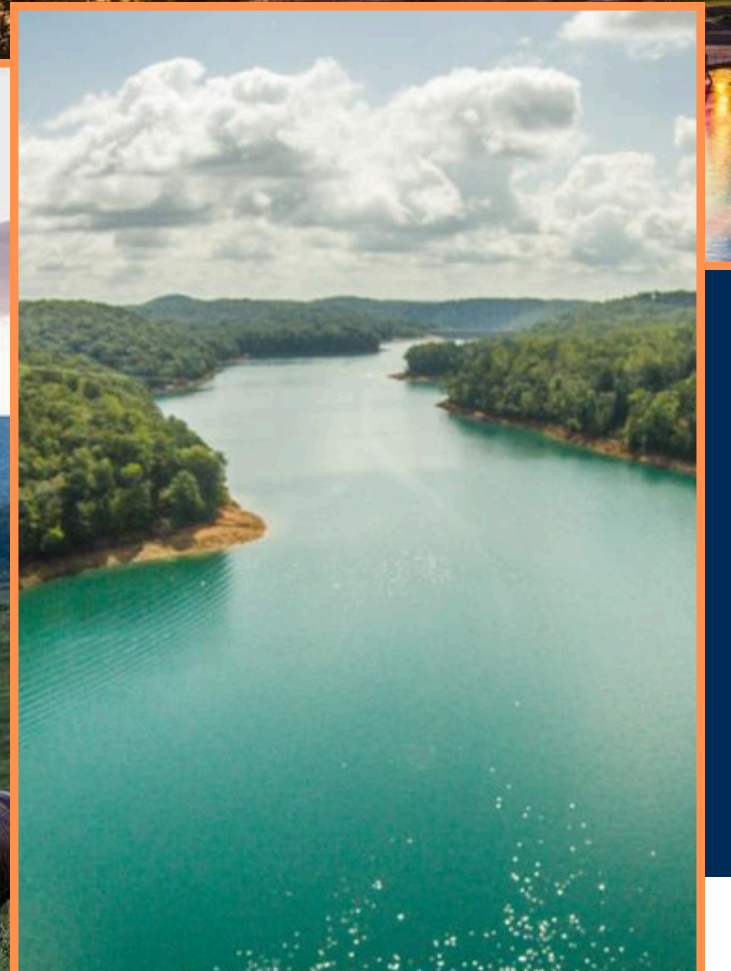
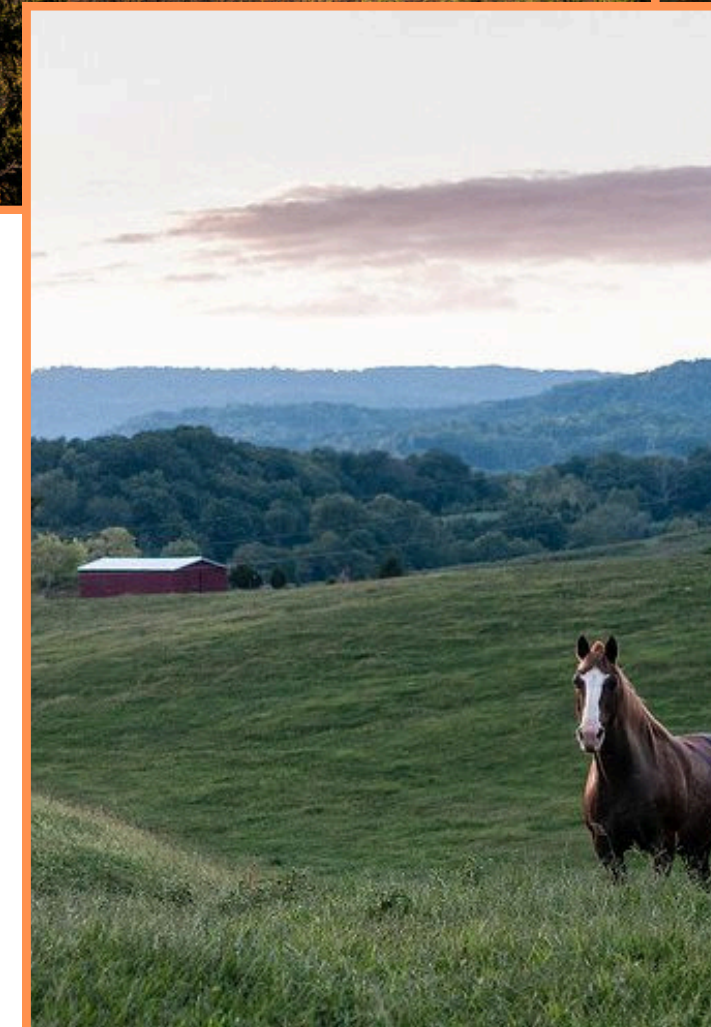
BUYING A HOUSE IN

# TENNESSEE

## Sounds easy enough right?

It can be (and should be) but there are many important things to consider when purchasing a home and Tennessee has some extra items to take into account when buying a home here.

LET'S  
GET STARTED





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## Your Team

Yes, you have a team on your side when you buy a home, unless you decide to go at it on your own. Here are the people/groups that will be helping you along the way.

- **Realtor/Real Estate Agent**
- **Lender**
- **Appraiser**
- **Title Company and/or Law Firm**



# REALTOR... OR REAL ESTATE AGENT

**Choosing the right professional to help you find your new home or sell your property is a very key first step.**

- Find someone who has experience, knowledge, and a good track record
- Research their website
- Ask to speak with their past client(s)
- Find someone you get along with because you will be working closely with this person for a while
- ***This is one of your largest life events/transactions/investments...choose wisely!***

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### REALTOR

A Realtor is a real estate agent who is also a member of the National Association of REALTORS® (NAR). In addition to their real estate license, they have chosen to join NAR and adhere to its strict Code of Ethics.

This membership often includes access to the MLS (Multiple Listing Service) and other resources. Membership in NAR is voluntary, but it signifies a commitment to higher ethical standards and professionalism.

### REAL ESTATE AGENT

A real estate agent is someone licensed by the state to engage in real estate transactions, including buying, selling, and renting properties.

They must complete specific education requirements and pass a state licensing exam.

They are authorized to represent clients in real estate dealings.



# TENNESSEE FACTORS

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**Tennessee is not CA, NY, or IL. We have some differences that you might want to take into account when Buying here.**

- **RAIN-** We can get a ton of rain typically from March to September. Storms can dump a lot of water in a short time period. So drainage around a home is important. We have many homes with crawlspaces and basements. These can flood if conditions are right or the property is in a Flood Zone. Your Real Estate Professional should be researching to see if the property is in a Flood Zone. You also don't want moisture in your crawlspace. That can lead to possible fungal growth or warping of the wooden floor joists. Your Home Inspector will be a great resource for this.
- **TOPOGRAPHY-** Tennessee has a lot of hilly areas. Basement homes can be a bonus but you will also want to make sure the foundation isn't an issue. Settling or ground shifting can occur over time and damage can happen. Your Home Inspector will be a great resource for this.
- **SEVERE WEATHER-** Besides rain, Tennessee does get Tornadoes. There is no good way to tell you where the Tornadoes will be and won't be. Many get a Storm Shelter installed or get a basement home for their safe room. Something that can be a part of living here.





# LENDERS

Getting a home loan from a bank is typically the way most people purchase a home or property. This is something you as a Buyer will do on your own. You can have your Real Estate Professional recommend a lender to you, but they are a separate entity in the Home Buying Process. Remember...**you are BORROWING** the banks' money or possibly the Federal Governments' money (tax money) to buy the home.

- **FIRST STEP: You will need to get Pre-Approved for the loan**
- The lender will want to find out what your Debt To Income Ratio is in order to see if you can afford the loan amount
- Lenders will generally have their own Appraiser who will appraise the house to see what it's value will be. The Appraiser has the final word on this part of the process and is generally done well after you have an accepted offer.
- Lenders will want to see your financial history, work history, credit history, pay stubs, etc.

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## GENERAL LOAN TYPES

**Conventional**

**FHA**

**VA**

**THDA**

**USDA**

# LOAN TYPES

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## CONVENTIONAL

- Loans are funded by private lenders, not the government.
- They are not insured or guaranteed by agencies like the FHA, VA, or USDA.
- Can require a down payment as low as 3%, but often require a larger down payment than government-backed loans.
- Generally need a higher credit score compared to government-backed loans to qualify.
- Offer flexibility in terms of down payment, loan amounts, and interest rate types (fixed or adjustable).

## FHA

- A mortgage loan insured by the Federal Housing Administration (FHA), making it a popular option for first-time homebuyers and those with less-than-perfect credit or limited savings. The FHA insures the loan for the lender, reducing their risk and allowing them to offer more favorable terms to borrowers.
- Typically require a down payment as low as 3.5% of the purchase price, which is significantly lower than the 5–20% often required for conventional loans.
- Are often more accessible to borrowers with lower credit scores compared to conventional loans
- Borrowers pay both an upfront and annual Mortgage Insurance Premium (MIP) to the FHA, which helps fund the insurance program

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## VA LOAN

- A mortgage loan in the United States guaranteed by the U.S. Department of Veterans Affairs (VA). It's designed to help eligible veterans, active-duty service members, and certain surviving spouses become homeowners by offering favorable loan terms. These loans typically require no down payment, no private mortgage insurance (PMI), and often come with competitive interest rates.
- In many cases, borrowers can purchase a home with no down payment, as long as the purchase price doesn't exceed the appraised value.
- Can be used multiple times, and the benefit does not expire.
- A VA funding fee is usually charged, but it can be waived for some veterans.

## THDA LOAN

- Offered by the Tennessee Housing Development Agency (THDA), is a type of home loan designed to make homeownership more affordable for low- and moderate-income Tennesseans, particularly first-time homebuyers. These loans are typically 30-year, fixed-rate mortgages, and often come with down payment assistance options.
- Offers programs like Great Choice Plus that provide down payment and closing cost assistance, often as a second mortgage with favorable terms.
- Often requires borrowers to complete a homebuyer education course to help them prepare for the responsibilities of homeownership.

## USDA LOAN

- Mortgage offered by the U.S. Department of Agriculture designed to help low- to moderate-income individuals and families in rural and suburban areas purchase homes. These loans often come with zero down payment requirements and competitive interest rates
- There are income limits, which vary by location and family size, to ensure the loans are targeted towards low- to moderate-income households.
- Specifically for properties located in designated rural and suburban areas, as defined by the USDA.



# HOME WARRANTIES

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Home Warranties can be a good idea moving into an existing home, especially an older home.

When making your offer:

- You can ask the Seller to pay for a Home Warranty on the home you are buying. This is typically set up by your Real Estate Professional through your offer.
- You can also set up and pay for your own Home Warranty when buying a home separate from your offer, even after the purchase.
- **There are MANY Home Warranty Companies out there....**

*There may be existing Home Warranties on the home...**ALWAYS ASK!***

*Some Appliances still have warranties on them and will have their own separate warranty department to contact.*





# HOME INSPECTIONS

Once you find the home you want and you and your Real Estate Professional have submitted an offer which was accepted by the Seller...you then enter into the Inspection Phase

**It is HIGHLY SUGGESTED** that you get a Home Inspection completed on the home you are purchasing. Although not required by Tennessee law, If you are getting a loan, the Lender may require an inspection.

- Home Inspection costs are typically the Buyer's responsibility.
- **There is NO 100% Home Inspection that will find all the problems.** There are a ton of parts to a home, the inspector will do their best to hit all the points they can, but some issues can be difficult to find.
- The Home Inspector is typically not a Licensed Electrician, Plumber, Roofer, Foundation Expert, etc. They are a licensed Home Inspector.
- **A home inspection can lead to other inspections** depending on what the inspector finds and is unsure of the full issue. They may ask that you bring in a licensed professional to inspect further (i.e. plumber, electrician, roofer, termite technician, plumber, etc). **These all have their own costs.**
- Your Real Estate professional can suggest Home Inspection companies to contact or you can search on your own.

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# HOME APPRAISAL

**The mysterious person who decides what the home is worth...  
the Home Appraiser.**

- When you get a loan, the bank is going to want to know what the home is worth before they give you their money to buy it. The bank will order an Appraiser (usually their own Appraiser) to go out and complete a very in depth analysis of the home value.
- This will include many factors. Home size, number of bedrooms, bathrooms, site built home vs. a mobile home, market/neighborhood comparisons, size of your lot, etc.
- You will have little to no say in this part of the process. It's all up to the Appraiser.
- If you don't get a loan, can you get your own Appraisal? YES. You can hire your own appraiser if you are doing a cash purchase.
- This is typically one of the final big steps to be completed before you go to Closing.

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# REVIEW & FINAL STEPS

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## COMPLETED CHECK LIST SO FAR

### (with a Loan):

1. Pre-Approval For Loan
2. Accepted Offer
3. Inspections Ordered
4. Repair Negotiations
5. Resolution Period
6. Appraisal

### \*\*\* YOUR TEAM FOLLOW UP

- **Your Title Company and Lender** will be working to get final paperwork done before the final week of Closing.
- It is imperative that ALL parties involved are on the same page going into the final week of Closing

## FINAL STEPS

1. Repair follow up on any negotiated repairs
2. **Final Walk Through**
  - a. This is your final chance to go through the home once again to check everything and make sure all main systems are working and there has been no other damage done to the home since you first visited.  
*Typically done the day before Closing.*
3. **The ALTA**– This should be sent to you from the Title Company as a Buyer or Seller within at least 3 days before Closing. It is a breakdown of your costs to be reviewed by you and your Real Estate Professional
4. **Wiring Your Funds**– this is an option most people will do and is set up by your Title Company. You will generally start the wire transfer from your bank the day before closing.
5. **CLOSING DAY**– The day you have been waiting for!

# CLOSING DAY!

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## This is the day you've been striving towards.

Closing Day typically takes place at your Title Company or Lawyers Office.

- In Tennessee, it is acceptable to have a Split Closing where the Buyer will sign their documents at one location and the Sellers will sign theirs at a separate location.
- If you are unable to attend the Closing in person, some Title Companies can order a courier service to bring the documents to you. Some Title Companies can also do a digital signature instead through email.
- You will typically need to bring your checkbook and photo ID's
- ***YOU ONLY TAKE POSSESSION OF YOUR NEW HOME WHEN:***
  - All funding for the transaction has taken place
  - The delivery of the Warranty Deed is completed (done on Closing Day by the Title Company).





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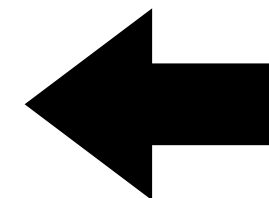
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