CENTRAL & EASTERN KENTUCKY CLIENT GUIDE

First-Time Homebuyer Playbook

Personal guidance, local insight, and genuine care for your journey home.

A NOTE FROM SOUTHERN LEGACY REALTY

Real estate is about people first, transactions second.

Buying your first home is one of the most exciting milestones of your life. Yet, in an era of corporate real estate portals and computerized algorithms, the process can easily feel impersonal and overwhelming. We founded Southern Legacy Realty in Berea because we believe our friends and neighbors across Madison County and Central Kentucky deserve something much better.

You are not just another file or number to us. Whether you are looking for a starter home in town, a quiet neighborhood for your growing family, or acreage in the country, you deserve honest communication, dependable advice, and an advocate who stands beside you through every inspection, appraisal, and contract clause.

1. Personal

Focused on individual attention, attentive listening, and crafting solutions suited to your specific budget and goals.

2. Professional

Highly responsive, skilled in pricing analysis, rigorous in contract execution, and firm at the negotiation table.

3. Genuine

Born, raised, and raising families right here in Madison County. We give you authentic advice you can trust.

Keep this guide handy on your desk or tablet as we navigate each step together.

THE PROCESS

Your Step-by-Step Roadmap to Ownership

Here is how we take you from initial curiosity to receiving the keys to your new home.

1 Finance Prep → 2 Pre-Approval → 3 Home Search → 4 Make an Offer → 5 Inspections → 6 Closing Day

Step 1: Budget & Credit Check

Check your credit reports for errors, calculate your comfortable monthly housing payment, and assemble savings for earnest money and initial expenses.

Step 2: Mortgage Pre-Approval

Consult with a trusted local mortgage lender. A verified pre-approval letter signals to sellers that your offer is rock-solid and ready to be taken seriously.

Step 3: Touring Homes & Neighborhoods

We curate listings that fit your needs, coordinate private showings, and provide objective eyes pointing out structural conditions and property details.

Step 4: Writing a Strategic Offer

We review recent sales comps in Madison County to determine fair market value, then draft contract terms that protect your earnest money and interests.

Step 5: Inspection & Appraisal

A licensed home inspector evaluates the property top-to-bottom. We negotiate repair requests, and your lender orders an appraisal to verify fair value.

Step 6: Final Walkthrough & Keys

We verify repairs prior to signing final loan documents at the closing attorney's office. Once funds clear, you receive the keys to your new home!

SOUTHERN LEGACY INSIGHT

Average Timeline: The process typically takes 30 to 45 days from an accepted offer to closing day. Getting your pre-approval complete before touring saves valuable time when competitive properties hit the market.

FINANCIAL PREPAREDNESS

Pre-Approval & The Lending Process

Having your paperwork organized ahead of time ensures a smooth, stress-free mortgage approval.

Pre-Approval Document Checklist

- [ ] W-2 tax forms for the past 2 consecutive years
- [ ] Recent paystubs covering the last 30–60 days
- [ ] Full federal tax returns (last 2 years if self-employed)
- [ ] Complete bank statements for all accounts (last 2–3 mos)
- [ ] Valid government-issued photo ID & Social Security #
- [ ] Statements for retirement, 401(k), or investment assets

The Golden Rules of Underwriting

Lenders re-verify your credit score, bank balances, and employment right before closing. Keep your financial picture stable.

✓ DO:

- Keep paying all existing credit cards and loans on time.
- Maintain your current job and compensation structure.
- Keep careful paper trails for any gift funds or deposits.
- Reach out to your lender before making any financial move.

✗ DO NOT:

- Do not open new credit cards or finance furniture/appliances.
- Do not purchase or lease a new car before closing.
- Do not change jobs or become an independent contractor.
- Do not make untraceable cash deposits into your bank.

UNDERSTANDING DTI (DEBT-TO-INCOME)

Lenders evaluate your total monthly minimum debt payments (credit cards, student loans, car notes) plus your prospective mortgage against your gross monthly income. Most programs prefer a total DTI ratio below 43%–45%. Paying down a small credit card balance before applying can boost your buying power.

FINANCING OPTIONS

Central KY Loan Options & Upfront Costs

You don't need a 20% down payment to buy a home. Multiple state and federal programs exist to help.

Loan Type	Min. Down	Min. Credit	Best Suited For
USDA Rural Development	**0% Down**	640	Homes in designated rural/suburban areas (very popular in Madison & surrounding counties).
Kentucky Housing (KHC)	**Down Payment Help**	620	First-time KY buyers seeking down payment assistance or secondary low-interest loans.
VA Loan	**0% Down**	Varies (580+)	Active-duty military members, veterans, and eligible surviving spouses with full benefits.
FHA Loan	**3.5% Down**	580	Buyers with lower credit profiles or shorter credit histories looking for flexibility.
Conventional Loan	**3% to 5% Down**	620	Buyers with solid credit looking for competitive interest rates and removable private insurance.

Budgeting Beyond the Down Payment

When purchasing a property, plan for these routine out-of-pocket expenses that occur during the transaction:

Earnest Money Deposit (EMD)

Usually 1% of the offer price. Held in escrow and applied directly to your purchase at closing.

Home Inspection Fee

$350–$500 paid directly to the licensed independent inspector at the time of the examination.

Appraisal Fee

$450–$650 charged by your mortgage lender to ensure the home's value matches the sales price.

Closing Costs & Escrow

Typically 2%–4% of the loan (lender fees, title insurance, attorney fees, prepaid taxes/insurance).

** These costs are estimates only and may vary depending on loan type, lender requirements, independent inspector fees, and other factors specific to the transaction.*

BUYER'S WORKBOOK

Wants vs. Needs: Finding Your Property Fit

Differentiating absolute essentials from nice-to-haves keeps you focused, saves time, and prevents decision fatigue.

NON-NEGOTIABLE NEEDS

Essential items your home must have from day one:

- [ ] Bedrooms (Min: ____) / Baths (Min: ____)
- [ ] Target School District / Municipality
- [ ] Maximum Commute Time: (____ minutes)
- [ ] Single-story or accessible ground-floor layout
- [ ] Minimum lot size or secure yard for pets
- [ ] Dedicated work-from-home office space
- [ ] Monthly payment cap: $_____

WANTS (NICE-TO-HAVES)

Desirable features that can be added or updated later:

- [ ] Granite or quartz kitchen countertops
- [ ] Attached 2-car garage or workshop space
- [ ] Finished basement or second living room
- [ ] Covered back porch or outdoor entertainment area
- [ ] Privacy-fenced backyard
- [ ] Upgraded stainless kitchen appliances
- [ ] Hardwood flooring throughout main level

HOW TO USE THIS WORKSHEET

Before your first tour, fill this out with your co-buyer or partner. When viewing homes across Madison County and Central Kentucky, rank every candidate against your non-negotiables first. Homes meeting 100% of your needs and at least 60% of your wants represent prime candidates for an offer.

CONTRACT CONTINGENCIES & PROTECTION

Our purchase agreements are built with contingencies to safeguard your deposit. If substantial defects are uncovered during inspections, or if appraisal criteria are not satisfied, we advocate for your repair requests, negotiate credits, or ensure you can walk away with your earnest money deposit fully protected.

REFERENCE & CONTACTS

Real Estate Glossary & Next Steps

Key terminology simplified so you always know what is being discussed.

Amortization
The schedule of monthly loan payments showing how principal and interest reduce over time.

Contingency
A condition in the purchase offer (such as financing or inspection) that must be met before closing.

Title Insurance
Protects you and your lender against any past liens, ownership claims, or legal disputes on the property.

Escrow
A neutral holding account used for earnest money and to collect monthly taxes and insurance.

Private Mortgage Insurance (PMI)
Insurance required by conventional lenders when putting down less than 20%, protectable until equity builds.

Appraisal Gap
The difference if a home appraises for less than the agreed purchase price, negotiated with your agent.

3 Smart Questions to Ask Any Mortgage Lender:

1. “What is my true interest rate, and what is the Annual Percentage Rate (APR) including all fees?”
2. “Do I qualify for any Kentucky Housing Corporation (KHC) down payment assistance programs?”
3. “Can you provide a Loan Estimate showing my total estimated cash required to close?”

YOUR LOCAL PARTNERS

Ready to Talk About Your First Home?

No high pressure, no obligations. Just honest advice from neighbors who care about your future. Stop by our Berea office or reach out today to connect with an agent.

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