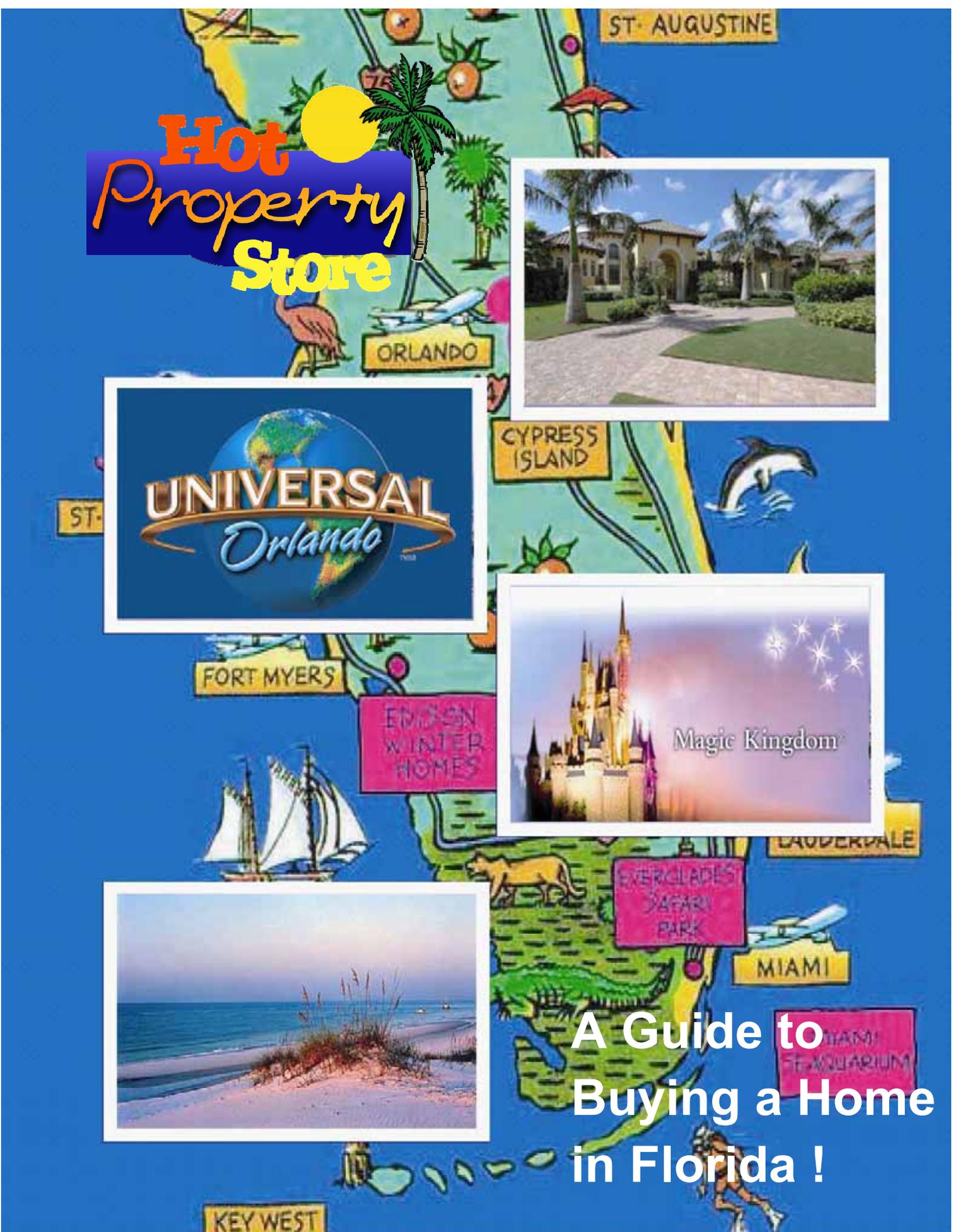


Hot 
Property
Store 



**A Guide to
Buying a Home
in Florida !**



A 'HotPropertyStore.com' guide.

Buying a Home in Florida.

Florida is the number one holiday destination and attracts tourists from all walks of life throughout the world. Florida is vast, with its famous theme parks and beautiful beaches. Holidaymakers return year after year to discover new and exciting places of interest. Theme Parks, championship golf courses, swimming with manatees and dolphins, horse riding, gliding through the everglades on an airboat, fishing for marlin in the ocean, bass fishing on fresh water lakes, even hot air ballooning. The enjoyment is endless. Most of all generation after generation return to meet Walt Disney World's Mickey Mouse & friends. This will never change.

Florida has numerous home owning opportunities for the astute investor. We at The Hot Property Group LLC & The Second Home Store will help you find a home that suits your particular needs and price range. Our goal is to provide honest impartial advice to our clients, which we believe creates the best advertisement for ourselves (referrals). We will help you find the perfect home, and guide you through the buying process. If a new home is chosen, during the building process of your home, we will provide you with regular updates. Towards its completion we shall help you choose the right management company to take care of your home and assist you with rental bookings, if you so choose to let the property out.

Short Term Rentals

Many people aspire to the idea of a second home in warmer climates. The cost of owning a property where you spend a few weeks or months of the year could probably be offset by letting the place for the remainder of the year.

The good thing about Florida is that its year round good weather means that finding tenants should not be too difficult. However – and it cannot be stressed enough – there are no guarantees when it comes to rental income, and be very wary of any seller who tries to tell you otherwise.

We are used to property appreciating over time in certain parts of the world, USA and the UK, and there is generally a sense that it is important to buy now or else we might lose the opportunity in the future, fearing that a property we

can afford this year will be financially beyond our reach in years to come. This is no different when buying a vacation home and the fact that there are many homes to choose from in Florida and is currently a buyers market underlines this feeling. This also means that choosing a home will require a significant amount of work. This is where The Hot Property Group can help. We will keep you fully informed of the properties available to you in the time frame you set yourself for purchasing a property.

Do not look for an immediate return. Buying a house is a good way to make money in terms of capital appreciation, but despite what a lot of real estate agents might tell you, it is unlikely to make you a fortune in terms of rental income, (unless, of course, you do not have a mortgage on it!). If you use the property for 8 – 10 weeks a year, and let it out for the remainder the property will probably pay for itself.

The Buying Process in Florida

Before considering the purchase of a home, you must determine the purpose of the home. Will it be a holiday home only for yourselves? You may want to rent your property when it is not being used by your family, friends or yourself. How important is that rental income? Will it be used purely to generate income?

Rental restrictions

Questions have been raised about rental restrictions imposed within the Central Florida area. Three counties have different sets of rules. Orange County did, some time ago, bring in regulations forbidding rentals of less than 30 days. This does not mean that a property owner cannot rent their house; only that each rental must be for a minimum of 30 days. However, the number of rental agreements in any year could not be more than 12 at the most and so a property in Orange County may not be the best place to maximize rental income.

Osceola County now has rental restrictions in place. However, the position is very different from Orange County. Authorities have created exceptions and exclusions to protect the large number of investors who have already purchased houses in the county and the large number who continue to do so.

Consequently and without going too deeply into what are fairly complex provisions, many developments have effectively been excluded from the

restrictions rendering them communities from which short-term rental activities are allowed.

Polk County and Lake County were developing relatively fast. Therefore, further investment was encouraged, and short term rental zoning common place.

It is essential that a prospective buyer obtain advice as to the suitability of the property / development and the use of which it is intended. Rental restrictions should be carefully evaluated and understood. We will provide you with advice guiding you safely and expertly throughout your selection process.

Short Term Rental Developments include Westhaven, Highlands Reserve, Wyndham Palms, Oak Island Cove, Four Corners, Santa Cruz, Bridgewater Crossing, Liberty Village, Calabay Park, Hampton Lakes, and Cumbrian Lakes, Emerald Island and Reunion Resort.

We at The Hot Property Group, market and sell luxurious pool homes for all of the Major reputable companies & communities in Central Florida. Buying a property can be complex, but by us establishing the individual use, price range and requirements of your home, we make it a simple enjoyable process.

Homes prices Start at around \$125,000 plus furniture for a 3 bedroom located in a short-term rental Development. There are however, homes that rise to well over \$500,000 depending on your particular choice.

New or pre-owned?

There are many homes to choose from, both new and pre-owned, with most buyers choosing to buy new because of the peace of mind offered by Home Warranties (which come as standard). Lower repair costs and freedom to choose colour schemes and furnishings are seen as other reasons to buy new. New homes generally come with a full 12 months warranty on ALL items supplied, including swimming pool, air conditioning/heating and appliances such as washer, dryer, fridge/freezer, dishwasher and microwave. For the first two years, most all plumbing and electrical work is warranted and the building usually carries a 10-year structural warranty. These Guarantees and Warranties may not be in place when you buy a resale home and could prove to be costly if you have future problems.

By contrast, the advantage of buying a resale home is that you may save money on the purchase. Some of the most popular areas for short-term rentals are the

well-established subdivisions where no further homes are being built. The availability of resale property changes daily. We will be happy to include a tour of appropriate resale properties within your viewing program should this be of interest to you. Good resale property is commonly available in the current market, and while "bargains" may be available, a true bargain in a prime location can be difficult to find without the right information. The importance of buying in a "prime" sought after location is crucial if the property's resale value is to be optimized. There could well be a good reason why a particular resale is "cheap". However, you will have to weigh up the options and decide which is right for you!

Financial mortgage information

While Florida property purchases can often be financed from one's home state or country, Florida mortgages can be more attractive and are currently only available subject to approval. Advances of 70% of the cost (house, lot and pool) can be obtained on a case by case status, more detailed financial information is required in the current market. We will be happy to introduce you to various mortgage brokers with whom we are associated.

Deposits

The payment amount of the initial deposit will vary from seller to seller. Most builders will require a \$1,000—\$5,000 at the reservation stage, with further deposit made at contract stage. A deposit will enable you to write the contract, thus fixing the price and protecting your chosen "lot" or home from a price increase. Usually a total of 10% based on the contract price will be required prior to construction. Resale home deposits can also vary, but look to put down anywhere from \$1,000 to \$5,000.

Bank account

A Florida Bank Account is desirable to facilitate the transfer of funds. We will be happy to introduce you to one of the major banks and assist you in opening a suitable account. An initial deposit of \$50 should be adequate to open your account. Photo ID will be required.

Closing costs

Many are concerned about hidden extras and have heard stories about buyers being saddled with unexpected charges for closing costs long after it has become too late to withdraw from the purchase. Closing costs comprise of several elements, many of which are stamp duties payable on various

documents but the biggest expense is usually applicable to the mortgage. [see the HotPropertyStore.com Guide – ‘The Cost of Buying a Property in Florida’]. Some sellers will make a substantial contribution to closing costs. If no mortgage, some sellers will offer a cash discount, or it puts you in a better position.

Management companies

Once you have purchased your home you will need to think about property management and we will point you in the right direction and supply you with contact details. The selection of a management company is just as important as the selection of a Realtor®, because whilst you are thousands of miles away your home needs to be looked after properly and the rental opportunities maximized.

Rental set-up charges & furniture packages

Finally, if the property is being managed and rented out, you will need additional money for escrow, lodging licenses, fire extinguisher and security measures. While you may like to furnish and equip your home yourself, this can be somewhat time-consuming and expensive. Most buyers opt for one of the "furniture and houseware" packages. We do not consider it necessary or indeed advisable to spend excessive sums on furniture, but equally we believe it could be false economy to buy furniture of inferior quality that may not stand up to the rigors of a rental property. The furniture pack will equip your property with attractive, yet hardwearing furnishings. Everything from a color TV, washing machine, fridge, lamps, ashtrays and toilet rolls are included. More expensive packs are available and most items can be customized or upgraded to suit your taste and budget. We can supply you with details on these furniture package companies.

After sales service

We not only help you to find your perfect vacation home, we provide exceptional after sales service. We will:

1. Be available to answer all your questions and queries regarding mortgages, closing dates, rental, etc...
2. Send you photographs on a monthly basis to show you the progress of the construction of your property. (If a new build property is chosen!).
3. Carry out the "walk through" just prior to closing. This avoids the necessity of you having to returning to Florida to "close" the purchase. (However, we do

recommend you be here for the closing if at all possible). We will ensure that the house is completed, the color schemes are as ordered and all extras are installed.

4. Arrange for deposits to be paid on your behalf (provided that these funds have been established in an account) for all utility services.
5. Co-ordinate the delivery of your furniture package and ensure that all items are in working order and that all packaging is removed from your home.
6. Ensure that your property is ready to hand over to a management company of your choosing and receive either your guests or yourselves.

Closing

In the State of Florida a Title company handles the closing (exchange and completion), the escrow or closing agent will perform many of the duties normally performed by an attorney. Even though you are in a state that uses title and escrow companies to handle the closing, you are free to hire your own attorney or accountant (specializing in the purchase of Florida vacation homes). Only UK/US lawyers or accountants who specialize in dealing with Florida and US laws/taxes will be able to help you fully. Your home state or English solicitor/accountant will know little or nothing of the US/Florida laws.

We suggest you now read the HotPropertyStore.com Guide – ‘The Operating costs of a Vacation Home in Florida’.

We hope you find your dream home in Florida and wish you many happy vacations in the sunshine state.

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A 'HotPropertyStore.com' guide.

The operating costs of a vacation home in Florida.

There are certain costs, fees and taxes payable throughout the year when running a vacation home in Florida. This list is not exhaustive, and should be used as a guide only. Often, it is possible to cover the majority of these costs through the annual rental income received when letting your property out. Having said that be very wary of companies offering 'guaranteed' rental income and the promise of a high return on your investment.

As a general guide, costs will include:

Mortgage – principal & interest.

Property taxes – usually included in the mortgage payment.

Property insurance – usually included in the mortgage payment.

Homeowner Association fees – some include costs for lawn care and/or pest control.

Management fees

Lawn care

Pest control

Pool maintenance

Utilities – electric, water, telephone & cable.

Cleaning – varies dependant on number of rental visits.

Repairs & maintenance

Licenses

This list is a guide to the costs involved in running a vacation home – please contact us for a more detailed cost analysis, given via property management companies, if and when you have decided on the property pricing range.

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The cost of buying a home in Florida.

There are certain costs, fees and taxes payable by a buyer when acquiring a property in Florida. They are sometimes known as completion expenses or completion, but more commonly, they are known as closing costs. They are impossible to predict with total accuracy at the outset of a transaction. This is because there are a number of variable factors that will not become clear until later on in the process. However, you will be generally looking at a range of 3 to 5 % of the purchase price. A lot less, if no mortgage is required.

As a general guide:

These costs are calculated based on the price paid for the property.

Loan fees: This includes loan origination fees or 'points', and charges for the appraisal, checking your credit and processing your loan application. Generally, these total about 1 to 2 % of the total price, but can add up to 3 % of the amount you borrow.

Private mortgage insurance: Determined & based on the type and amount of loan taken out. (Usually payable if down payment is less than 20%).

Title insurance: Can range from a few hundred to over a thousand dollars, depending on the sale price of the home. Generally, however, it is less than 1% of the value of the home. Virtually all property in the USA has title insurance. It is required if a mortgage is involved. This is normally paid for by the seller!

Homeowner's insurance: This varies depending on the area. For example, if your home is in a flood zone or high-risk area (such as a hurricane area) it will be higher.

Property taxes: Usually 1.5 to 2% of the appraised value of your home as determined by the county property appraiser. These are annual fees. However, upon purchasing your home, your lender will require you to deposit a portion of this payment (known as prorations) into an 'escrow' account with them to make sure this is paid at the end of the tax year.

Inspections: Based on the purchase price and square footage of the home, the range is \$225-450 for home inspections and \$60-125 for termite inspections.

Recording: There is a fee for recording the deed and mortgage for local public records. Although the fees vary from place to place, in Florida you will generally pay \$6 for the first page plus \$4.50 per each additional page.

Document stamps on the deed: Some states charge a tax when property is transferred from one party to another. In Florida, the tax is \$7 for every \$1000 of the purchase price.

Document Tax on mortgage: Again, although this varies, if you were buying in Florida you would pay \$3.50 for every \$1000 of purchase.

Intangible Tax on mortgage: Some states charge an intangible tax on any new mortgages written. If you were buying in Florida, you would pay 20c for every \$100 of mortgage that is written.

Home warranty insurance: Covers repairs for individual parts of the home for a certain length of time and costs about \$285-399.

Initiation fees: Condominium and Homeowners Associations often charge these fees. Costs vary depending on the property and neighborhood.

Legal fees: These fees can range from \$500 - \$600 for a \$100,000 home to \$750 - \$950 for a home \$250,000 +. Fees will vary dependant on how much of the work the Title Company carries out.

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The estimated operating costs of a vacation home in Florida.

| TYPE & SIZE HOME: CONDO TOWNHOUSE / POOL HOME | 2 BED CONDO | 3 BED CONDO | 3 BED T- HOME | 3 BED POOL | 4 BED POOL | 5 BED POOL | 6 BED POOL | 7 BED POOL |
|--|----------------|----------------|---------------------|---------------|---------------|---------------|---------------|---------------|
| FIXED MONTHLY EXPENSES: | | | | | | | | |
| Administration Fees | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 |
| Pool Maintenance | 0 | 0 | 90 | 90 | 90 | 90 | 90 | 90 |
| Lawn Maintenance | 0 | 0 | 0 | 70 | 70 | 70 | 70 | 70 |
| Pest Control | 25 | 25 | 25 | 30 | 30 | 30 | 30 | 30 |
| Cable TV | 45 | 45 | 45 | 45 | 45 | 45 | 45 | 45 |
| Telephone | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 |
| Consumables | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 |
| VARIABLE MONTHLY EXPENSES | | | | | | | | |
| Utilities | 150 | 170 | 170 | 170 | 190 | 210 | 230 | 250 |
| Housekeeping Services (Twice a month) | 130 | 140 | 140 | 140 | 150 | 160 | 170 | 190 |
| MONTHLY RUNNING COSTS: | 530 | 560 | 650 | 720 | 755 | 785 | 815 | 855 |
| ANNUAL RUNNING COSTS: | 6360 | 6,720 | 7,800 | 8,640 | 9,060 | 9,420 | 9,780 | 10,260 |
| TARGET WEEKLY INCOME (\$450 - \$1,200) | 450 | 500 | 550 | 600 | 700 | 800 | 900 | 1,000 |
| AVERAGE ANNUAL INCOME (Based on 35 weeks rented) | 15,750 | 17,500 | 19,250 | 21,000 | 24,500 | 28,000 | 31,500 | 35,000 |
| APPROXIMATE *NET ANNUAL INCOME (Excluding Mortgage, Tax, Insurance & HOA) | 9,390 | 10,780 | 11,450 | 12,360 | 15,440 | 18,580 | 21,720 | 24,740 |

These figures are estimates only, and will vary depending on the size of property purchased, management company fees, and whether you will attract bookings purely yourself, through a rental management company or a mix of both. If you are to attract bookings yourself – you may increase the average weekly rent, but may not reach as high an occupancy level.

Management companies can charge from 10-25%. * These figures are based on net payments to the owner with regards to sales tax, but do not include any rental commission.

The excess rent after costs, will contribute towards your monthly mortgage costs (which will also vary depending on amount & interest rate program – please contact a mortgage broker or contact us for further details), property tax, homeowners insurance & HOA.

Home insurance can range from \$50 - \$120 a month.

Homeowners association fees (also known as HOA) vary from \$20 - \$300 a month, dependant on the community and its amenities.

These figures do not factor in the cost of maintenance in a property – there is less of a requirement for maintenance costs if a newer property is purchased.

Although an opportunity for a great investment, do not believe claims made by those who guarantee rental incomes & underestimate costs – if managed properly, and you work to increase the rental bookings, you should see a good contribution made towards any mortgage you have on an appreciating property.