

Finding Home

THE HOME BUYER'S GUIDE



Cash McCallum Real Estate

Your Essential Guide to Home Buying Success

WORKING TOGETHER

As your agent, I will present you with properties that match your needs and will assist you every step along the way in securing your new home. Together we will create a great outcome for your family.

The advantages of buying with an agent:

- Buyer's agents have fiduciary duties to the buyer which include acting in utmost good faith, loyalty, and fidelity.
- Having an expert to walk you through each part of the process.
- Maximum Reach and Exclusive Network Access to find you the property you want
- Assistance analyzing price and value, and aiding you in coming up with a negotiating strategy.
- Connecting you with service providers—inspectors, lenders, home warranty companies.
- Communicating with the lender, title company, and seller so that you're able to close on time.
- Organizationally showing appointments. Scheduling and showing you homes.
- Clear communication with you throughout the transaction and answer all your questions!



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Benefits of Working with Cash vs. Working directly with the Listing Agent

Working With Cash Cash McCallum Real Estate	Work with Listing Agent (They have a fiduciary relationship to the Home Seller)
Cash pays Full Attention to Your needs	They are loyal to the Seller's needs
Confidentiality is important	Info about the Seller is is confidential
Provide Material Facts in addition to Professional Advice	Provide just Material Facts
Provide price counseling on comparable properties, current market trends and professional insights	Provide price information that supports the Seller's Listing Price
Protect and Guide You	Protect their Seller
Negotiate on Your behalf	Negotiate on Seller's behalf



LOAN PRE-APPROVAL

The single most important thing for you to do before beginning your new home search is to select and meet with a mortgage lender. You can find a list of recommended lenders in the service provider list at the back of this guide. It is essential to do this before we begin our search for several reasons:

It helps us to determine what price range we should stay within.

It gives you an estimate of how much money you will need to have for the down payment and closing costs.

It allows you to determine how much your monthly payment will be. PITI- principal, interest, taxes and insurance

Most importantly, it helps us to negotiate from a stronger position with the seller.

At the start of our journey, it is vital to elucidate your needs and your financial position. Once we have established what you can realistically afford, we can quickly identify a range of properties that meet your family's requirements and your budget.

WHAT CAN YOU AFFORD?

Take time to thoroughly assess your financial position.

Be as accurate as you can in determining your current debt and ongoing expenses. Make sure you include all your probable purchasing costs.

Mortgage lenders recommend that you do not buy a property worth more than 3-5 times your annual household income. Also take into account:

Debt-to-income ratio (below 43% is recommended)

Local real estate market prices

The economic outlook, in the short and long term

How long you wish to remain in the home

Your future lifestyle needs



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GETTING PRE-QUALIFIED AND PRE-APPROVED

Pre-qualified: This is an initial estimate from a lender that indicates how much they will likely loan you. It is quick to obtain, but it's not a firm guarantee of the amount you will be able to borrow.

Pre-approved: This is when a lender has confirmed the specific amount they're prepared to loan you. It's a more thorough process, requiring detailed documentation, credit checks, etc. It's important to have pre-approval before you begin to seriously search for a house. Having pre-approval puts you in a stronger position when making an offer, and gives a seller confidence in you as a buyer.

CREDIT CHECK:

Your credit score is one factor that mortgage lenders will consider when you come to apply for a loan. Steps you can take to improve your score include:

- Make credit payments on time**
- Reducing credit card debt**
- Don't apply for new credit cards or other loans**
- Avoid large purchases until you are pre-approved**
- Avoid changing jobs, if possible**

WHAT QUALIFIES AS INCOME?

Lenders will establish your income from the following qualifying sources:

- W-2 Income
- Income from secondary jobs and part-time jobs
- Self-employed income
- Overtime and bonuses
- Child support and alimony payments

documents you'll need

Lenders require proof of your income, assets, and debts, so collect the following documents:

- Tax returns for the past 2 years
- Proof of Income - W-2 forms for the past 2 years
- Pay stubs for the past 3 months
- Bank Statements for the past 3 months
- Gift Letter - in the case of a significant gift from family to friends that is not a loan
- Rent History - proof of making regular payments
- List of Asset and Debts

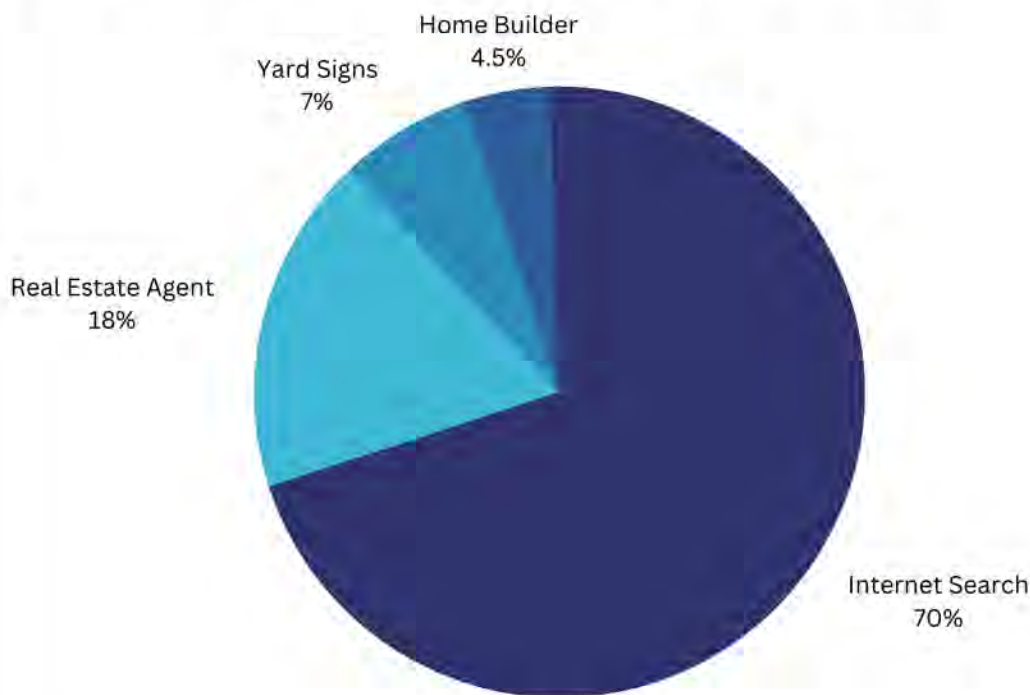


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HOUSE HUNTING

Now begins the exciting stage of looking at properties, both online and in person. I'll present you with the best properties available that match your search criteria and that fall within your budget as well as some possibilities that may not fall into those criteria but can be suitable options. I will also present pocket listings and coming soon to market listings that will be not available on other home search platforms.

According to the National Association of Realtors 70% of buyers found the home they purchased through the internet.



do your homework

While the expertise of REALTORS™ remains vital to the home buying and selling process, the internet serves as a tool for all generations of home buyers; 97% of all homebuyers use the internet in their home search.

You can save valuable time by doing as much research online as possible before attending an open house. Rule out any possible deal-breakers. Is the asking price realistically within your budget? Is the area unfavorable? Do you have any concerns about transport? Is the garage space adequate? Check on local schools if you have children. Be time smart. Don't waste time visiting unsuitable houses.



VIEWING PROPERTIES

The Outside Aspect

EXTERIOR: Your first impression may well be accurate, so pay attention to the overall impression you get from the street. While you may be excited to see inside, do not neglect the less glamorous areas such as foundations and roofing. After all, they support and protect everything within the house.

Use a checklist to avoid overlooking crucial elements.

NEIGHBORHOOD

- Are neighboring properties well maintained?
- Are there good transport links for work?
- Check nearby amenities such as shops, services, parks
- Are there schools close by and what are their ratings?
- Is traffic an issue?
- Check for noise issues or odors
- Visit at different times of the day if possible



EXTERIOR

- Is the frontage well maintained, driveway adequate?
- Are boundaries secure and fences in good condition?
- Examine foundations. Look for gaps or large cracks
- Examine windows, screen doors, and shutters
- Evaluate roof and guttering
- Is the amount of garden manageable for you?
- Is the house or garden shaded or overlooked?
- Is the paint in good condition?



BACKYARD & GARAGE

- Examine the condition of patio, deck, steps, etc.
- Check swimming pool, spa, BBQ areas
- Check outdoor storage and any garden structures
- Verify which outdoor items are included/excluded?
- Is the backyard secure for children and pets?
- Check lighting and storage
- Could you add an extension if needed?
- Does the section slope? Is there nearby water?



The Inside Story

INTERIOR: You can't walk through a home as you would walk through a museum. You must open, touch, and check things are working and are as they appear. Look for 'good bones'. Pay attention to the particular sizes and layouts of rooms, noting the overall feel of space and comfort.

Decor can easily be altered. Be on the lookout for structural issues, signs of wear or damage.



INTERIOR

- Is the paint or wallpaper in good condition?
- Check lights and fittings and that ceiling fans function
- Check for sticking doors or windows
- Look behind drapes and blinds
- Look under rugs for stains. Are the floors even?
- Be suspicious of too much scent. What is being hidden?
- Do carpets need replacing? Is tiling well done?
- Check attic and basement. Be alert for damp or mold

KITCHEN & BATHROOM

- Check inside fridge and other appliances included
- Check faucets and plumbing for leaks or water damage
- Look inside drawers, pantry, and cupboards
- Check bathroom water pressure, faucets, shower, toilet
- Look out for black mold, poor ventilation, ceiling marks
- Examine tiles and grouting
- Ensure faucets and shower are working well
- Check lighting and heaters



BEDROOMS

- Will the size of the rooms fit your furniture?
- Check closet space. Be aware of mold or musty smells
- Check behind drapes and blinds
- Check if windows stick or frames are wonky
- Is there adequate storage space?
- Is there space for hobbies or for a study?
- Are you buying for just now or will your family grow?
- Can you live in this house as it is, or is work needed?



THE DEAL

When the Search ends and You found the Property you would like to call Home

the Elements of The Deal

Write up the Offer

Present the Offer to the Seller

Negotiate to Finalize a Purchase Agreement

Under Contract time including Inspections and Appraisal

Close the Sale



Special care must be taken to ensure we meet all of the requirements of each element to complete the Purchase of Your Home Successfully.



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The Offer

It's decision time! Together we will work through all the aspects of making an offer. From a thorough investigation of the property to deciding on the price, contingencies, and your preferred time frame.

IS THE PRICE RIGHT?

Factors that help us determine the value of a property include the location, specifications, condition, and presentation of the house and grounds. We use a Comparative Market Analysis report to assist in this valuation. Current market conditions, such as buyer demand and economic outlook also are considered when determining a price. Taking all this into consideration, we will decide if the asking price is fair before drawing up an offer to the seller. Our knowledge of the local market combined with our negotiating abilities will also influence the final sale price.

THINGS TO CONSIDER

Cash Offer / Pre-Approval: These appeal to a seller, giving greater security for a sale and a shorter closing time frame.

Contingency Clauses: Conditions that must be met prior to closing. Contingencies typically relate to buyer financing, inspections, appraisal, and time frames. If serious issues are revealed by an inspection, a contingency allows you to pull out of the deal without penalty.

Closing Costs: Also known as seller concessions, a buyer may request that the seller pay a portion or percentage of the buyer's closing costs.

Unresolved Repairs: If repairs can not be completed by the closing date, you could negotiate a payment allowing you to complete the repairs yourselves. If time is short, this might be a good option for you.

Time Frame: We will review the time frame involved for an offer. If you have a time constraint on the sale of your own property, it may affect the viability of an offer. If you need to change a proposed closing date, we can help negotiate a date that works for both you and the seller.

Bottom Line: Your initial offer may not be accepted, so decide ahead of time how much you are willing to pay as the maximum amount. Remember to budget for closing costs.



The Negotiation

Successful negotiation requires a meticulous understanding of the facts, open communication, and the desire to reach a mutual agreement. Using my proficient people skills, we'll work hard to achieve a win for you!

ACCEPT, REJECT, OR COUNTER?

After receiving and discussing your offer, the seller has three options available:

1. Accept the offer as it is, without any changes
2. Decline the offer, if they do not wish to negotiate
3. Counter-offer with newly negotiated terms

A counter-offer is usually made when:

- they consider the offer price is not high enough
- they want to negotiate contingencies, requested payment of buyer closing costs or repairs, etc.
- they have other required conditions

It's often advisable for the seller's agent and the buyer's agent to work through any issues and to gain a clearer understanding of each party's true position. Be careful not to lose a purchase over relatively small concessions. Even a generous offer may not mean that you secure every detail as you would like, so it's worth being flexible!

If the seller makes a counter-offer, you can either accept, decline, or make a counter-offer yourself. We can follow this same process, negotiating back and forth, until a final offer is declined or accepted and an agreement is reached!

AGREEMENT

Once your offer is accepted, you will sign a Purchase and Sale Agreement. The home is now 'Under Contract'. This stage, also known as the contingency period, is where inspections, appraisals, and all conditions listed in the Purchase and Sale Agreement are completed.



Under Contract

Now is the time for each party to take action and deliver on the conditions detailed in the contingency clauses. If any of the conditions are NOT met, the Purchase and Sale Agreement may become null and void.

HOME INSPECTION

As the buyer, you now order a home inspection. We can recommend trusted Professional Home Inspectors. You should attend the inspection, take photos, make measurements and ask the inspector about any concerns you have.

What's inspected? Every part of the home is inspected, from all interior spaces and fixtures to roofing, foundations, exterior, and all outdoor spaces. Inspectors are especially looking for water leaks, mold, evidence of any insect, water, or fire damage, or areas that do not meet building codes.

Time frame: Inspections are typically booked within 4-5 days of signing the purchasing agreement. Inspections take an average of 2 hours.

Cost: The buyer generally pays for the inspection. Some owners will have ordered an inspection themselves and may make this available to you. Buyer's response to a Home Inspection Report: You can either accept the report, seek to negotiate problems uncovered by the inspection, or, in the event of major issues, even cancel the agreement.

Re-negotiate: The seller can negotiate how to go about repairs with the contingency this arrangement is completed prior to closing. Sellers can arrange for professional repairs or they can opt to do them themselves. IF either instance is the case, you will want to book a follow-up walk-through to inspect the finished repairs. Alternatively, the seller may choose to pay you an agreed upon amount for the repairs with the idea you will complete the necessary repairs yourself after closing.



WHAT HAPPENS DURING THE CONTINGENCY PERIOD?

Earnest Money is paid by the buyer to an escrow company- usually 1-2% of the sale price.

Seller's Disclosure which outlines any known problems with the property, must be provided to the buyer. The home seller must complete this form. They are also ultimately responsible for any known defects or malfunctions on the property that are NOT included on the disclosure form.

Home Inspection will be arranged by the buyer. Poor inspection outcomes and unexpected repairs are two of the top reasons potential sales fall through. If needed, the buyer will arrange any other tests or inspections such as pest, lead paint, etc.

Home Appraisal will be arranged by the buyer's Lender if an appraisal is required. If you require a loan to purchase the home, your lender will have a licensed appraiser value your property. At this point, their loan agreement is put on hold until any possible issues around health and safety are investigated. We want the property to be appraised for the same amount, or higher than the sale price. If the appraisal comes in at or above the sale price, it's good news and you do not need to take further action. If the appraisal comes in below the sale price, this means that you may not be able to borrow as much as expected. At this point, it may be necessary to re-negotiate the sale price, seek additional lending or other funding to cover the difference, or even cancel the purchase.

Repairs listed in the Purchase and Sale Agreement must be completed. Ask the seller to provide any receipts that relate to repairs. Taking before and after photos is a good way to document that the repairs are completed.

Appraisal Waiver Addendum- The buyer waives the right to terminate the contract if property approval is not obtained because the opinion of value in the appraisal does not satisfy the lender's underwriting requirements.



The Closing

buyer's final walk-through:

We will schedule a final visit to the home, usually 72 hours before closing, to confirm that the house is in the same condition as it was on the day the offer was accepted, that all necessary repairs have been completed and that everything that was included as part of the sale is still in the home / on the property.

A. Payment of Funds

- Mortgage fees

- Escrow fees and closing costs

- Payment to other service providers

- Downpayment, adjusted to allow for earnest money

B. Documentation and Signing

- Most recent tax statement

- Settlement Statement (aka Closing Statement / HUD-1)

- Closing Instructions

- Deed to the property

- Bill of Sale

- Transfer Tax Form

- A Post-Closing Agreement, if the seller intends to rent the home for an agreed time after closing

C. Transfer of Property Ownership

- Handover of keys, garage door opener, security devices and codes, appliance manuals/warranties, etc.

- Recording of the signed deed at the local county courthouse. Once this is

- completed, legal ownership of the property is transferred to the buyer.



AVOID COMMON MISTAKES

interest rate roller-coaster

You may be excited by low interest rates, but pause and clinically ascertain what you can truly afford in the long term. Low interest rates inevitably rise over time, and could make your debt repayments unmanageable. Do not take on a large debt that may become crippling.

not getting pre-approval

The amount you are hoping to borrow, and the amount a lender is prepared to loan you may not be the same. Having pre-approval for a home loan provides you with financial certainty and gives the seller confidence in you as a serious buyer. In a competitive market, deals are often settled in days. Having pre-approval can help avoid delays with paperwork and can also improve the chances of your offer being accepted.

having too much debt

Would you start a marathon with weights tied around your ankles? Don't be tempted to buy a home when you already have significant debt, be it a car loan, credit card debt, or student loan. Remember, you will need to save for a down payment, plus you should allow for repairs that may be required or unexpected expenses. Work on clearing or reducing existing loans first, so that you will not be encumbered with overwhelming debt.

not using a buyer's agent

An agent working for a home seller works for the seller's best interests. So, it's wise to have someone in your corner as well. A buyer's agent will guide you through every step of the buying process and alert you to any red flags. They are familiar with all details of real estate paperwork and legal contracts and can save you from costly mistakes. Agents also have access to listings and research not available to most house hunters.

buying a house you can't afford

The excitement of finding your dream home may tempt you to spend more than you can comfortably afford. Your house payments (including mortgage, insurances and property tax) should not exceed more than 25% of your take-home pay. Settle your budget and do not be tempted to look at properties that are well outside your means. Living in a perfect home will bring you no peace if you are under unreasonable financial pressure.

choosing the wrong lender or loan

Be willing to investigate different lending options. A house is your largest monetary asset, so ask for loan recommendations. Beware of lenders who make you feel rushed, give you few options or scant explanations. You want to build a relationship with someone who can educate and guide your financial decisions and will work with you, not just talk at you. There are a variety of loan types. Lenders may be happy for you to agree to a 30-year term, however the longer the term, the more you will pay overall. Make sure you are fully informed of the options available and the impact of the different terms.



Rushing to make an offer

In a hot market, offers may need to be made speedily. But usually, you can take a night to sleep on your decision. Balance need for speed with due diligence. Take time to investigate the property and determine its true value. Once you've made a decision to go ahead you'll be confident about making a fair offer.

dragging your feet

As the saying goes, 'The house you looked at today and wanted to think about until tomorrow may be the same house someone looked at yesterday and will buy today.' It's a balancing act between due diligence and not letting too much time slip by, and losing the house you want. Don't underestimate how time-consuming and routine-disrupting house shopping can be. Be realistic but also be determined and make every effort count.

waiving the inspection

Don't judge a book by its cover! The things you can't see may prove to be costly to repair. A home inspection is always worthwhile so that you know all the facts about a property. In a hyper-competitive market, buyers may waive an inspection to make their offer look attractive to a seller, but this risks buying a money pit. Lenders may also require that a home inspection be done.

Ignoring the neighborhood

The first rule of real estate is 'location, location, location.' Beware of being blinkered by a great house, without checking out the neighborhood thoroughly. Unsavory neighbors, noise, industrial odors, poorly maintained areas, safety at night, lack of amenities, etc. should not be overlooked. You can change paint colors or carpets, even build extensions, but there is nothing you can do about the home's location. Talk to locals to get a feeling for the neighborhood and be sure to ask your agent.

having your hands tied

Be aware of properties that are subject to Homeowner's Association regulations. There may be restrictions on what color you can paint the house, where you can park, or how often you must mow the lawns.

offering too much

If there is a lot of competition in the market, you may be tempted to pre-empt a bidding war by offering a high price. Lenders are not guided by what you offer, but by the market value established by an appraisal. If the appraisal comes in low you may be forced to come up with cash for the shortfall. And if you decide to resell you may find yourself financially disadvantaged. Ensure you have utilized CMA reports and the opinion of your agent to ensure you are making a fair and reasonable offer.

getting desperate

If your property search has dragged out you might be tempted to settle for less. Don't make big compromises you will live to regret. Take stock, review your budget, and also check whether your expectations are realistic. New homes are listed every day, so hang in there!



FAQ

should I buy or continue to rent?

Low-interest rates can sometimes mean that it can actually be cheaper to pay a mortgage than to rent. But there are some important questions to consider before buying. How long do you plan to stay in one place? If you need to relocate from time to time for work then renting may be preferable. Buying and selling are costly, so be sure you are happy to be settled for some time. Are you ready to take on the responsibilities of maintaining a property? A property is likely your most expensive monetary investment, and it needs to be maintained and protected. Consider all angles and costs before you commit to buying.

Should I sell my current home before I buy?

Have an open discussion with your agent about the current property market. The biggest benefit of selling your current home first is that you will be in a stronger position, and an attractive prospect to any seller as your offer will not be contingent on your own property selling. However, you do run the risk of not finding another property thereby potentially not having anywhere to live. It may be possible to negotiate a "rent-back" period, where you stay in your old house and effectively pay the new owner's mortgage for an agreed period. A long settlement or temporary accommodation may be possible. Alternatively, buying first gives you the security of knowing where you are going. But this may mean your offer will be contingent on selling your own property, and if you can't meet the required deadline, you risk losing the sale altogether. This position is riskier for the seller, which puts you in a weaker position if there are multiple offers.

who pays the agent fees when buying a home?

Considering not using an agent is most often based on concerns over the cost of paying a commission. However, in most cases, it is the home seller who pays the real estate fees, not the home buyer.



Thank You

for trusting us to assist you in finding and purchasing your new home. We hope this guide has made your home buying journey easier. If you need further assistance please do not hesitate to contact us.



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