



YOUR GUIDE TO

BUYING A HOME



Making the decision to **buy a home** is an exciting one!

As your agent, I will be here every step of the way to support you through the buying process.



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Agenda

This agenda outlines the steps toward having your offer on a home accepted:

Choose a Realtor that fits you!

- There is no cost to you! The seller pays the buyer's agent's commissions
- Schedule an initial in-person meeting to discuss your goals & see a few homes

1

Pre-Approval

- I will supply you with a list of preferred lenders who can get you pre-approved
- You will determine what you are comfortable spending on your monthly payments, which will determine the price range we will be searching for you

2

The Search

- I will set up email notifications to you for homes matching your search
- I will schedule private showing appointments as needed, fitting your schedule
- I will take you on neighborhood tours to help narrow down your search area

3

Writing Offers

- I will suggest an offer price using market conditions, recent sales, days on market and property condition
- You will determine your offer price and included contingencies
- You will sign your offer (you can do this electronically!)
- I will assist you in compiling the appropriate documents to include with your offer
(i.e. proof of funds, pre-approval letter from lender)
- I will present your offer to the listing agent and/or seller
- Once your offer is accepted, we will assist you in navigating the escrow process

4

Disclosures & Inspections

- I will deliver copies of any available seller reports and disclosures for a given home
- I will supply you with a list of preferred inspectors who can do inspections for you

5



CLOSING!

- Sign loan documents, wire in closing funds, and get keys to your new home

6

Homebuying **DO's** & **DON'Ts**



Contact your insurance agent early in the process and inform them of your new home purchase.



Apply for any new credit of **any** kind. **Do not** finance anything! **Do not** make larger purchases of any kind.



Promptly provide all documents requested by your loan officer and processor to speed up your closing.



Make large deposits into your bank account. Your down payment should be seasoned.
(sitting in your account for at least 2 months)



Make sure your employment, asset, and personal information is correct on your loan application.



Don't have any inquiries made on your credit report.



Be prepared to explain/account for all non-payroll deposits into each account.



Raise red flags to the underwriters. Do not co-sign on another person's loan, or change your name or address.



Continue to make all your payments on time.



Make changes with your employment or income. **Do not quit your job.**



Do not spend your down payment.

Common Questions

What price range should I be searching for?

In the San Diego Area, I recommend searching at or below your maximum budget. In order to be competitive in multiple offer situations, you need to look comfortably below your maximum budget in order to have the ability to bid over the list price.

How quickly should I see a home I'm interested in?

I recommend reaching out to me immediately to learn a specific home's showing instructions. Together we can decide on the most convenient time for all parties.

Can I send you homes I find online?

Yes. Finding a home is a collaborative process. As one of my services to you, I set up alerts directly from the MLS. You can respond to those or send me links from your favorite home search sites.

Who pays your commission?

Sellers typically pay an agent's commission.

How long is a typical escrow?

A closing time frame is typically for 7-45 days from the date that an offer is accepted, depending upon if you are obtaining financing or paying cash. 30 days is most common in our market.

What are my closing costs?

Closing costs vary according to your loan. For the most accurate estimate, contact your lender. For a rough estimate, you can use 2% of the purchase price.

Do you have a list of recommended inspectors/vendors?

Yes! I have many favorite inspectors and home service providers that I look forward to sharing with you.

How much should I budget for an inspection?

I recommend budgeting \$500 for an inspection, however it may be higher if you are buying a larger home or if your home has a pool or additional units (like an ADU.)



Common Questions — CONTINUED

How will you tell me about the newest homes available?

AlignSanDiego.com provides up-to-date information for every home on the market. I constantly check the New on Market list so I can be on the lookout for my clients. I will get you this information right away, the way that is most convenient for you: by phone, email or text.

Will you show me homes listed by all real estate companies/agents?

Yes! We have access to all homes on the market. My goal is to help you find your dream home, which means I will present homes from every real estate company for you to consider.

Can you help me find new construction homes?

Yes, I can work with builders and get you the information you need to make a decision. On your visits with the builder, I will accompany you. By using my services with a new construction home purchase, you will receive the services I offer, as well as those provided by the builder, at no additional cost. It is important that I accompany you on your initial visit to the developer's office in order for me to assist you.

How does for sale by owner (FSBO) work?

Homeowners trying to sell their home without agent representation are usually doing so in the hopes of saving the listing agent commission, but most understand they will pay for buyer's agent commission. If you see a FSBO and want the advantages of my services, let me contact the owner for you and make an appointment. Most of the time the homeowner will work with an agent even though their home is not listed, since the agent is introducing a potential buyer to their property. This ensures you are fairly represented and receive all of the disclosures and documentation throughout the sale.

Once my offer is accepted, what should I do?

Getting the lender the needed documentation and signed authorizations should be at the top of your priority list. The quicker you are, the smoother the process will be for all parties. Your lender will get you a loan estimate and will go over it with you in detail so that there are no surprises at closing and you can celebrate and focus on moving into your new home! Plan for inspections, complete all documents in a timely manner and ask any questions that you have. You will want to schedule your move, pack items, and notify businesses of your address change. You will work with our Transaction Coordinator & escrow to complete all documents. I will provide you with a moving checklist to help you remember all the details.



With the Least Amount of Hassle

We want your biggest concern during the home purchasing process to be that you were expecting it to be harder. We strive to provide first class customer service, and a “let us handle that for you” approach to the sale. We’ve refined our process so that nothing falls through the cracks.

4

In the Shortest Amount of Time

The ability to have smooth transactions that close on time or early is our competitive advantage.

When buying a home there are a lot of unknowns, we don’t want the closing date to be one of them. We strive to close at the time it’s most convenient for you.

2

Our Mission

This is your life, your dreams, your memories, your place. We will help you find it. Our team is committed to building exceptional relationships and listening deeply to your dreams so we can make them come true. We will make this fun again, we will focus on you, we will help you find your place.

3

For the Lowest Price Possible

Our clients home purchase price to list price was 95% last year. That’s 2.6% lower than the Southern California area average. In a simple way of putting it, it means that we save you more money than the average agent. We negotiate on your behalf and get your home under contract for less than other agents.

1

Our Commitment to You

Buyers' Commitment

Buyer Experience

The experience of buying a home is exciting and at times tiring. The first step is to choose and stay with the right agent. Buying a home is more than a business transaction, it's personal. Our team is committed to our one-on-one relationship and bringing back the fun in buying a home.

What We Provide

- Help you find the perfect home for you; in the neighborhood you want, at the right price
- Keep you updated on the most current listings via email
- Private showings with our team
- Find off market properties (once a neighborhood has been chosen, we will canvas that neighborhood to find you your next home)
- Preview listings on your behalf
- Provide resources to you (preferred lenders, inspectors, home repair referrals, school information, neighborhood information)
- Provide weekly communication
- Navigate the offer process, showing you how to create an offer that will win
- Assist with needed inspections
- Communicate between Buyer and Seller during the purchase
- Be available anytime to answer questions before, during and beyond transaction
- Loyalty agreement that we all share

Buyers' Commitment

We want to know what your dream looks like! Tell us about your future home's location, style amenities and more! Let our team know when you would like to schedule showings and allow our team to navigate you through a successful negotiation process.

What Makes Us Different

When you hire our team to represent you, you will soon recognize that we do so much more than average agents:

We only work with a small number of clients, ensuring personal service

We preview homes daily and weekly on your behalf

We contact other area agents for their coming soon homes & pocket listings

We use marketing pieces to find off market homes

We research bank owned and notice of default homes

We will actively door knock communities you like to find you a home

We will listen to your needs and wants and show you homes that match

We will negotiate aggressively on your behalf

We will work closely with your lender

We will ensure a smooth transaction and closing



The Buying Process

Your Homework

Information is your best tool in buying your new home!

- 1) Study the listings we email you.

Drive by the homes you like on the

- 2) weekend when “future neighbors” are hopefully out!

Talk to the neighbors.

- 3) They can answer questions only known by living there.



The Loan Process

THE HOME LOAN PROCESS SIMPLIFIED

1

Loan Application

Complete the required documents and review costs.

2

Compliance Documents Sent

Within 3 days of completing your loan application, you will receive a package of disclosures for your review.

3

Underwriting Review

The Underwriter reviews your file and issues a Conditional Approval (which is what we want!)

4

List of Conditions

Lender will reach out to you with any items needed to get final approval for your loan. Please send any requested items back within 48 business hours to help keep your file moving for an on-time closing.

5

Appraisal Order

In this market, appraisers are backlogged, so make sure to order your appraisal quickly!

6

Submitted for Final Approval

Once all your conditions have been gathered, the Processor will submit your file back to underwriting for Final Approval. Final Approval usually takes 24-48 hours from the time of submission.

7

Initial Closing Disclosure

You will receive your Initial Closing Disclosure by email 3 days prior to closing. This is the best estimate of what your final figures will be.

8

Closing

The last steps are signing your loan documents with a notary arranged for by Escrow, and wiring in your funds to close. Once the sale has been recorded with the County we can deliver keys according to our contract!

Numbers to Know

Purchase Amount

This is the amount you have agreed, with the seller, to pay for the home. It is inclusive of the earnest money deposit and down payment you have offered. It is not inclusive of your closing costs.

Earnest Money Deposit (EMD)

When your offer is accepted, you will pay a deposit called earnest money deposit, usually 1-3% of the purchase price. Paid by the buyer, earnest money is a portion of the purchase amount that is held by the escrow company as a good faith from the buyer to the seller. When the transaction closes, the earnest money is transferred to the seller as a portion of the original purchase amount. It is not an additional fee.

Down Payment

The down payment is a portion of the purchase price that the buyer is paying in cash. Down payments can range between 3.5% and 100% and each buyer determines the best scenario for their particular purchase.

Closing Costs

Closing costs are not part of the purchase amount, but rather charges associated with the buyers' loan, the transaction itself and any pre-payment required by the lender, such as taxes, insurance and HOA dues. These fees are collected by the escrow company at the end of a transaction.

Who pays closing costs?

Some closing costs, such as the fee the escrow company charges, are split between the buyer and the seller. Many of the closing costs are related the mortgage and are therefore the buyer's responsibility. One of the largest costs associated with the closing costs is the loan origination fee. This is the fee your lender is charging you to provide the loan. The fee varies from lender to lender and should be considered when shopping for a good loan. You can expect to pay 1-3% of the purchase price in closing costs.



Financing Your Dreams

Getting pre-approved — HOW CAN IT HELP YOU?

1)

Generally, interest rates are locked in for a set period of time. You will know in advance exactly what your payments will be on offers you choose to make.

2)

You won't waste time considering homes you cannot afford.

3)

A seller may choose to make concessions if they know that your financing is secured.

4)

You can select the best loan package without being under pressure.

Qualifying for the Mortgage

Most lenders require that your monthly payment range between 25-28% of your gross monthly income. Your mortgage payment to the lender includes the following items:

- The principal on the loan (P)
- The interest on the loan (I)
- Property taxes (T)
- The homeowner's insurance (I)

Your total monthly PITI and all debts (from installments to revolving charge accounts) should range between 33-38% of your gross monthly income. These key factors determine your ability to secure a home loan: Credit Report, Assets, Income, and Property Value.

Down Payment Requirements

Most loans today require a down payment of between 3.5% up to 20% or higher, depending on the type and terms of the loan. If you are able to come up with a 20-25% down payment, you may be eligible to take advantage of lower interest rates and possibly eliminate mortgage insurance.

Up Front Costs

Earnest Money

Physical Inspection

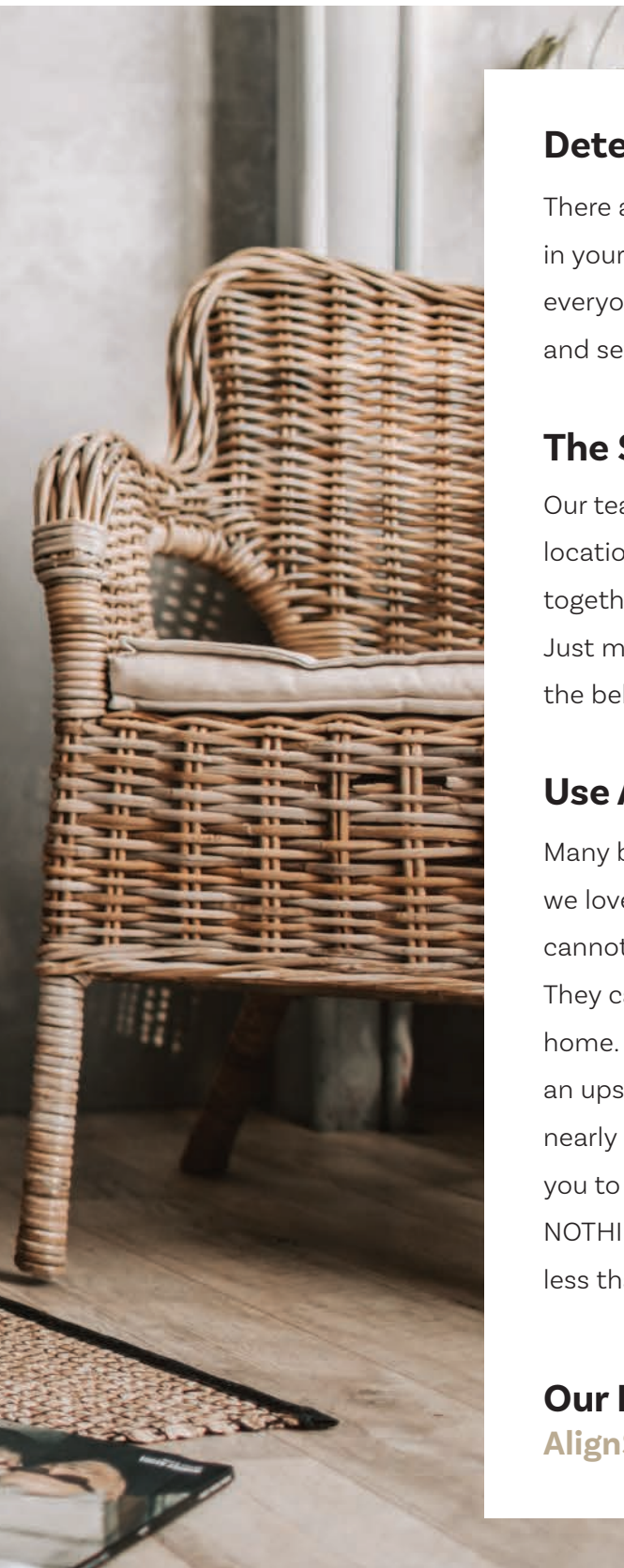
Appraisal

Credit Report

Closing Costs

You will be required to pay fees for loan processing and other closing costs. These fees must be paid in full at the final settlement, unless you are able to include them in your financing. Typically, total closing costs will range between 1-3% of your mortgage loan.

The Search is ON!



Determining Your Wants vs Needs

There are many ways to find out what you want vs. what you need in your next home. We've found that by sitting down with everyone involved and filling out a "wish list", we can help analyze and set expectations.

The Search Begins

Our team will preview homes on your behalf that meet your style, location, price, and size. Sometimes we will discover new listings together. If you're like most buyers, you'll be searching online, too. Just make sure you send those homes over so we can find out the behind the scenes information on them for you.

Use An Expert

Many buyers look at online sites to get pricing for homes. While we love and use sites like Zillow and Redfin.com, their analytics cannot take every factor into consideration when pricing a home. They can't adjust for noisy, or messy neighbors, or the care of the home. Also, if the neighborhood's market took a downturn or hit an upswing three months ago, the six-month old sales won't be nearly as predictive of the value of the houses. It's important for you to be aware of this difference. Also- Zestimate means NOTHING. Fun fact: the CEO of Zillow sold his home for \$400,000 less than his home's Zestimate!

Our Home Search Site

AlignSanDiego.com

Making the Offer

Once we have found the home you wish to purchase, you will need to determine what price & terms you are willing to offer for the home. It is important to remember that the more competition there is for the home, the higher the offer should be – sometimes even exceeding the asking price. Remember to be realistic. Our team will help you make offers as strong as possible with the highest chances of getting accepted.

Earnest Money Deposit

When writing your offer we will offer an earnest money deposit, also known as EMD. Generally this is 1-3% of the purchase price of the home. The amount you offer is based on several factors that our team will guide you through. This money is held in escrow during the transaction period as a sign of good faith that you will be moving forward in the purchase of the home & gets applied to your down payment at close of escrow. This money is due within 3 business days of acceptance of your offer.

Offer Negotiation

After we present your offer to the seller, the offer will either be accepted, rejected, or the seller will make a counter-offer. This is when we will negotiate terms of the contract to create a win-win for both buyer and seller. The purchase agreement used is a standard contract that is approved by our local real estate board, and is your offer to buy the home. It's important to know what's written into your offer, because once it's accepted, it becomes a legally binding contract.

Be Reasonable

Market value is determined by what a buyer is willing to pay for a home. Market value is not a fixed, rigid price, but instead a range of value. This is because no two buyers are alike. While one must have a huge kitchen, another may not even cook. You, the buyer, are the market. All buyers are looking to get a home at a good “value” today. There is value and then there is “crazy-talk.” If a home is offered for X and you are willing to pay 10% less than X, do not make an unreasonable offer that will not be taken seriously. You can still purchase a home at a good value, but the insanely great “deals” are still needles in a haystack, because the market value will always be determined by what a buyer is willing to pay. Our team will work with you to position your offer in the strongest way possible and also walk you through every option to get you a great house at a great price for you!

Contingencies

Inspection Period

Once your offer is accepted, our time line begins. On average, we have between **10-17 days** for our physical inspection. This is a general inspection of the home. Your inspector will go over the entire home and point out things we need to be aware of that are not up to the current health and safety codes. Remember, homes in CA are technically sold “as-is.” This general inspection is to notify you of issues you need to be aware of. If there are any red flags, this is also the time to get a more detailed and specific inspection to the property. We will have an opportunity to request the seller repair some items in a separate negotiation.

Appraisal

If you're getting a loan to buy your new home, it's very likely that the bank will require you to pay for an appraisal on the property. Order your appraisal with your lender right away, because this contingency is usually only 14 days, and appraisals can take 10-12 days to come in once they've been ordered. The appraisal is the Appraiser's determination of the value of the home based on past sales, the condition and upgrades in a home, and market conditions. Sometimes the appraisal and the purchase price don't match. This may be an opportunity to renegotiate price, or it may mean that the bank will require you to bring more cash in order to close the sale and the contract price that was agreed upon between you and the Seller. Each circumstance is different, so talk to your agent about what the next best steps are if you happen to have a low appraisal value.

Loan

Another one of your contingencies is the ability to qualify for your loan. This contingency will usually be removed by day 17. When your lender asks for information or documents, make sure to send them over right away so that they can get you qualified for your loan within this time period.



Disclosures

Title & Natural Hazard Reports

You will receive a preliminary title report to review, showing you the property lines, areas of use near your home and a clear title. You will also receive a Natural Hazard Disclosure showing you what natural hazards may be affecting the home.

Homeowner's Association

If the property has a home owner's association, you will receive the CC&R's & HOA documents to review. These documents describe the rules, regulations, fees, and restrictions that pertain to the association. We want to make sure everything is in good standing and there is a plan to keep it that way. You also want to make sure you are okay with the rules and regulations of the community.

New Home Warranty

When you purchase a newly built home, the builder usually offers some sort of full or limited warranty on things such as the quality of design, materials, and workmanship. These warranties are usually for a period of one-year from the purchase of the home. At closing, the builder will assign to you the manufacturer's warranties that were provided to the builder for materials, appliances, fixtures, etc. For example, if your dishwasher were to become faulty within one year from the purchase of your newly built home, you would call the manufacturer of the dishwasher – not the builder. If the homebuilder does not offer a warranty, **BE SURE TO ASK WHY!**

Resale Home Warranty

When you purchase a resale home, you can purchase warranties that will protect you against most ordinary flaws and breakdowns for at least the first year of occupancy. The Buyer can request for the Seller to pay for their offer but the warranty is usually offered by the Seller. The buyer can also pay for their own to be more competitive. Even with a warranty, you should have the home carefully inspected before you purchase it. A home warranty program will give you peace of mind, knowing that most of the major components in your home will be covered and repaired, if necessary. Ask me for more details about home warranty options.

Home Inspection

We highly recommend that you have a professional home inspector conduct a thorough inspection.

The Inspection will include the following:	
Appliances	Ventilation
Plumbing	Roof & Attic
Electrical	Foundation
A/C & Heating	General Structure

The inspection is not designed to criticize every minor problem or defect in the home. It is intended to report on major damage or serious problems that require repair. Should serious problems be indicated, the inspector will recommend that other specific professionals inspect it as well.

Your home cannot “pass or fail” an inspection, and your inspector will not tell you whether he/she thinks the home is worth the money you are offering. The inspector’s job is to make you aware of repairs that are recommended or necessary for your health and safety in the home.

Once you receive your home inspection reports you will have the chance to ask the seller to complete repairs, give a credit for completion of repairs, or you may actually decide to pass on the home because it will take too much work and money. A professional inspection will help you make a clear-headed decision. In addition to the overall inspection, you may wish to have separate tests conducted for termites, sewer/septic, roof, etc..

In choosing a home inspector, consider one that has been certified as a qualified and experienced member by a trade association. We recommend being present at the inspection. This is to your advantage. You will be able to clearly understand the inspection report, and know exactly which areas need attention straight from the inspector. Plus, you can get answers to many questions, tips for maintenance, and a lot of general information that will help you once you move into your new home. Most important, you will see the home through the eyes of an objective third party.

Closing

The Final Walk Through

Within 5 days of your closing date you'll be given the chance to look at the home to make sure it's in the same condition as when you signed the sale agreement.

MAKE SURE TO HAVE UTILITIES SET UP FOR YOUR POSSESSION DATE!

Don't Be Nervous

The "closing" is actually two separate events. You will sign closing documents relating to the transfer of the property and your loan documents. Once all the documents are signed and returned back to the lender and escrow, the lender disburses the funds to the escrow company. Escrow then notifies the title company to record the transfer of title with the recorder's office. As much as we hope that everything moves smoothly, sometimes the closing and recording can happen a day or two past our expected date, so we will stay in contact every step of the way. Don't forget to bring your ID with you when signing your loan documents!

Possession

In most cases, possession date will fall on close of escrow date and you will be able to move into your new home. When you've checked all the boxes on your "Home Buyer To-Do List", then taking possession should be an easy and exciting final step! The time has come and you can take possession of your new home. All the details, time and effort have been worth it as we get to hand you your keys! Congrats!





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