MVP REAL ESTATE

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Real Broker

HOME BUYING GUIDE

By MVP Real Estate | Real Brokerage Technologies Inc

themvprealestate.com

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Marc Williams is a second-generation San Franciscan with over thirteen years of financial service management experience, a deep understanding of lending, and a passion for real estate and architecture. He is a top performing Realtor in the San Francisco Bay Area and has a proven track record of success in helping his clients achieve their real estate goals. He is known for his in-depth knowledge of the market, his ability to negotiate on his client's behalf, and his commitment to providing excellent customer service.

Marc is currently a local resident of the Greater East Bay area, an avid golfer, a husband and father to his wife Cindy and daughter Marcella. He believes that real estate is the foundation for generational wealth and takes great pride in being able to leave a legacy of helping families like yours achieve their real estate goals.

THE MVP REAL ESTATE

TO NEW BEGINNINGS!

www.themvprealestate.com

SHEDULE A MEETING

INTRO

San Francisco Bay Area is one of the most desirable real estate markets in the world, and we understand that navigating the buying process can seem challenging. However, with the expertise and breadth of knowledge of your MVP agent, you are in trusted hands. We will guide and advise you during every step of the buying process to help you find the perfect home that fits your needs, budget, and lifestyle.

BEFORE YOU START

1. What Is your price range?
2. What type of property are you looking for? (single-family home, condo, TIC)
3. Do you have any preferred neighborhoods?
4. Do you have pets?
5. Do you have children?
6. Is school proximity an important factor for you?
7. Is proximity to public transportation an important factor?
8. What amenities are most important to you? (parking, yard, etc.)

HOME BUYING GUIDE

HOW TO START BUYING A HOME

1. Find an Agent

Reach out to your MVP Agent, a licensed real estate professional. They will work as your advocates and trusted advisors to help guide your search.

2. Get Pre-Qualified

Before beginning your search, your first step is to get pre-approved for a mortgage loan (unless you will be paying in cash for the full price of your home). Your MVP agent can connect you to a mortgage advisor. Based on your income and credit history, the mortgage advisor will determine how much a bank will lend you, which will help you determine the price range for your search.

3. Visit Properties

Attend viewings and open houses spanning a range of areas and property types. Now is the time to consider your ideal location and amenities.

4. Negotiate

Reach an agreement with the seller on price and terms. Once you have seen a home you like, you can place an offer, which is a non-binding agreement to pay a certain price for the home. If your offer is lower than the list price, the seller will likely return with a "counter offer", which you can choose to accept, reject, or counter. Your MVP agent will advise on pricing throughout the process.

5. Review Contract and Disclosure Package

Analyze the contract of sale, disclosures and other documents with your attorney and/or agent. Your attorney and/or agent's job is vital to protecting your interests and understanding the disclosure package.

6. Submit formal Offer

Work with your agent to submit your final offer which includes contract and disclosure package.

7. Seller Approves the Purchase

Once price and terms are agreed upon and the seller accepts your offer, you are one step closer to becoming a home owner!

8. Final Walk-Through with Your Agent

Analyze the contract of sale, disclosures and other documents with your attorney and/or agent. Your attorney and/or agent's job is vital to protecting your interests and understanding the disclosure package.

9. Closing of Escrow

Congratulations, you are officially a homeowner!
You are the Real MVP! To New Beginnings!

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SHEDULE A MEETING

Chapter 1.

FINANCING YOUR PURCHASE

- Why Get Pre-Approved?
- The Home Loan Process
- Things NOT to do when applyng for a Home Loan
- The Underwriter Reviews Your Loan
- Components of a Mortgage
- How do Lenders Qualify Buyers?

WHY GET PRE-APPROVED

A pre-approval is different from a pre-qualifying, as it is a full loan approval instead of an opinion letter. It is mandatory to get a pre-approval before starting the home search. Finding out what you're pre approved for will help us determine if you are ready to start the home search, what price range to target, and what areas to search in.

Determining How Much You Can Afford

The lender will determine your purchasing power, which gives you a guideline as to what you can afford before you begin the process. They will show you a variety of different types of financing (fixed, adjustable, etc.) and will determine how much you qualify for with each type. Based on your desired payment level and type of financing with which you feel comfortable, we can determine your purchasing power.

know what your down payment will be and provide financing options

You need to choose a home based on what funds you have available. The lender will design a loan that will work for your individual situation.

Know what your monthly payments will be

Before picking a price range, you should make sure you are comfortable with your total monthly payment: Principle, Taxes, Interest, Insurance (and Mortgage Insurance, if necessary).

Turns You Into a Cash Buyer

In today's market, buyers are not the only parties concerned about financing. Sellers are equally concerned. In cases where there are multiple offers for homes, the buyers must put themselves in the best possible position to have their offers accepted. Getting pre-approved also puts the buyer in a better negotiating position, as the seller knows the buyer is ready, willing, and able to buy, and that financing is not in question. Buyers who are not pre-approved have less chance of obtaining an accepted offer on the house they wish to buy.

THE HOME LOAN PROCESS

PREPARATION

Loan Application with Supporting Documentation	Pre Approval Issued	Credit Report	Loan Options

PROPERTY SEARCH

Property Search Begins	Offer Accepted	Loan Submission To Lender	Lender Underwriting Begins

ESCROW PERIOD

Conditional Approval Given by Lender	Final Approval Given by Lender	Loan Docs Sent From The Lender	Loan Docs Recorded Purchase Closes

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SHEDULE A MEETING

THINGS YOU SHOULD **NOT DO** WHEN APPLYING FOR A HOME LOAN:

When seeking to obtain financing for a home, it is important to steer clear of the following items, as they may be detrimental when trying to move forward with the loan process.

DON'T buy or lease an auto before you apply for a home loan.

Lenders look carefully at your debt-to-income ratio. A large payment, such as a car lease or purchase, can greatly impact those ratios and prevent you from qualifying for a home loan.

DON'T attempt to consolidate bills before speaking with your lender

The lender can advise you if this needs to be done .

DON'T move assets from one bank account to another.

These transfers show up as new deposits and complicate the application process, as you must then disclose and document the source of funds for each new account. The lender can verify each account as it currently exists. You can consolidate your accounts later if you need to.

DON'T pack or ship information needed for the loan application

Important paperwork such as W-2 forms, divorce decrees, and tax returns should not be sent with your household goods. Duplicate copies take weeks to obtain and could stall the closing date on your transaction.

DON'T buy new furniture or major appliances for your new home

If the new purchases increase the amount of debt you are responsible for, there is the possibility this may disqualify you from getting the loan or cut down on the available funds you need to meet the closing costs.

DON'T run a credit report on yourself

This will show as an inquiry on your lender's credit report. Inquiries must be explained in writing.

DON'T change jobs

A new job may involve a probation period, which must be satisfied before income from the new job can be considered for qualifying purposes.

THE UNDERWRITER REVIEWS YOUR LOAN

1. Credit

It is important that credit has been established with a good payment history. Any derogatory credit must have a good explanation. Outstanding collection accounts, judgments, or liens must be paid through escrow. The credit report will also list a credit score – a mathematical calculation of your overall credit rating.

2. Job Stability

A consistent job history with the same company is ideal; however, if changes have been made for advancement, it is acceptable. Schooling completed in preparation for a specific vocation is considered to be a part of your job history.

3. Income and Ratios

Your gross monthly income (before taxes) is computed. Bonuses, overtime, part-time, or self-employment income is averaged over the last two years. The principal, interest, taxes, and insurance (PITI) on the new loan (plus mortgage insurance, if applicable) is divided by the gross monthly income to get the "top" ratio. PITI and all debts are divided by the income to get the "bottom" ratio.

Ratios are ideally 33 over 38 for an 80% loan and lower for a 90%, 95%, or 97% loan. If other components are strong, higher ratios may be permitted.

(PITI / Gross Monthly Income = Top Ratio)
(Total Debt / Gross Monthly Income = Bottom Ratio)

4. Job Stability

To be considered, your funds must have been verified as having been yours for 3 months. A 5% minimum down payment MUST be from your own funds; however, the remainder of the down payment, closing costs, and the 2 to 3 months of reserves may be gifted by a relative who provides a letter and bank statements showing the ability to give.

5. Property

The property is the security for the loan. The lender will require an appraisal by a certified fee appraiser to assure that there is sufficient collateral. The underwriter will review the appraisal to verify the marketability, condition, and value of your home. The lender will also review the title report and require title insurance on the property for your protection as well as theirs. *If you don't fall within these guidelines, don't panic! Lenders work with various investors that offer loan products to fit all situations.

COMPONENTS OF A MORTGAGE

P.I.T.I	Principle, Interest, Taxes and Insurance
INSURANCE	Homeowner's Insurance, Mortgage Insurance, Home-owner's Dues
FORMULA 1 Formula for Home Owners Insurance	$\frac{\text{Purchase price x 1.1792\%}}{\text{12 Months}}$ = Monthly Property Taxes
FORMULA 2 Formula for Home Owners Insurance	$\frac{\text{Loan Amount x 0.35\%}}{\text{12 Months}}$ = Monthly Homeowners Insurance

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HOW DO LENDERS QUALIFY BORROWERS?

INCOME

ASSETS RESERVES

DEBT

CREDIT (FICO SCORE)

DEBT RATIO

INCOME $200,000 / $16,667 PER MONTH

Total monthly payments on installment + revolving debt

PROPOSED MONTHLY HOUSING EXPENSES:

Purchase Price:	$1,250,000
Loan Amount:	$1,000,000
Down Payment:	$250,000

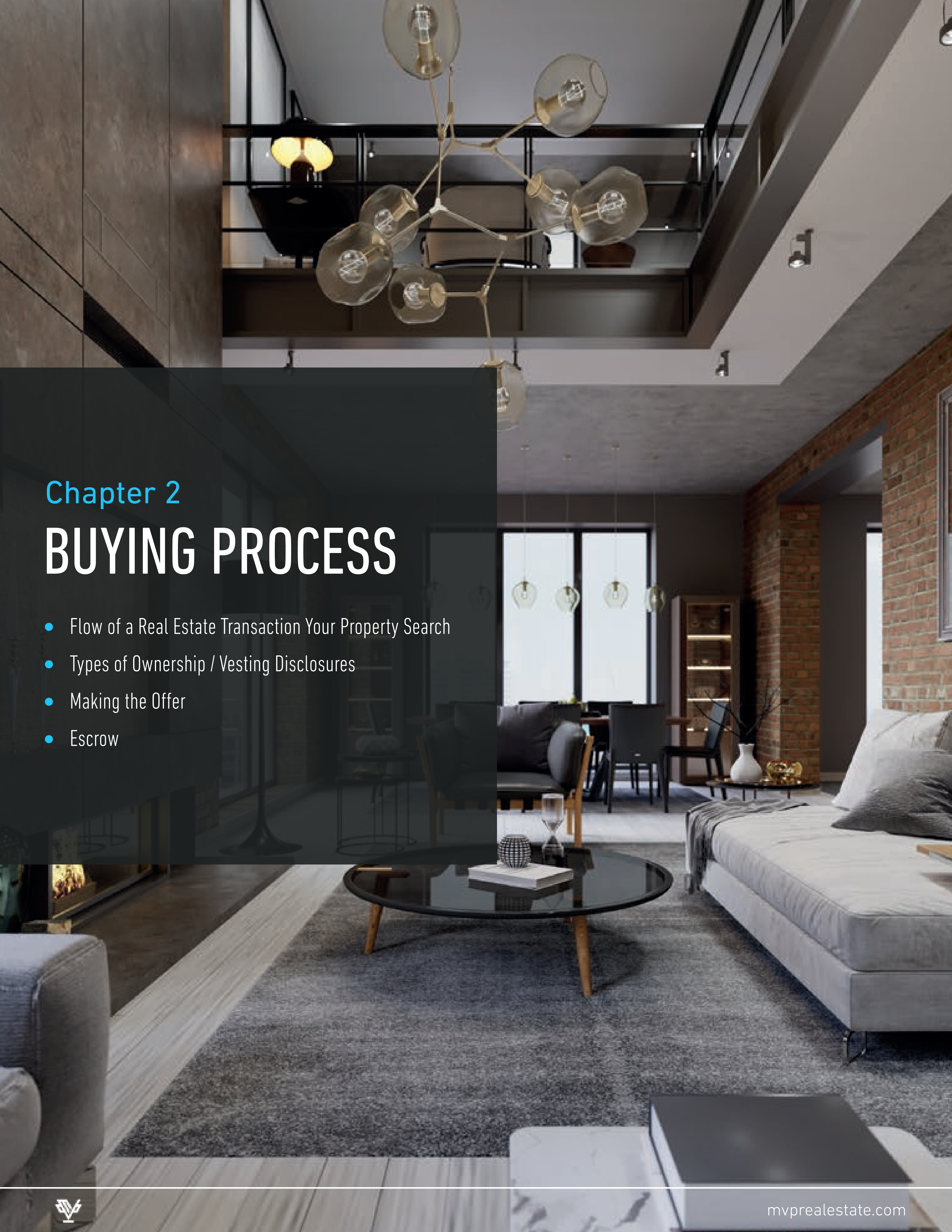
30-yr fixed interest-only payment @ 3.875%: $4,702.37

Taxes per month:	$1,302.08
HOA Dues (or hazard insurance):	$500.00
Total monthly payment (PITI):	$6,504.45

MONTHLY DEBT PAYMENTS: $400.00
TOTAL DEBT SERVICE: $6,904.45

Housing to Income Ratio:	39%
Overall Debt Service to Income Ratio:	41.40%

Many lenders will allow up to 43% - 45% of your gross income and total monthly obligations. **Lenders will use a formula of 1.25% of the sales price to calculate property taxes. The property taxes in many cities will be more or less.

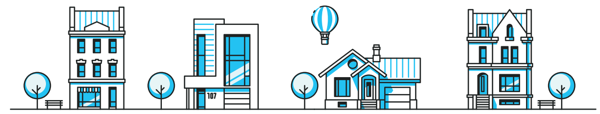


Chapter 2

BUYING PROCESS

- Flow of a Real Estate Transaction Your Property Search
- Types of Ownership / Vesting Disclosures
- Making the Offer
- Escrow

PROPERTY TYPES



Single Family Home

A Single-Family Home (often abbreviated as SFH), house, or dwelling is a free-standing residential building that is maintained as a single dwelling unit. Even if the dwelling unit shares one or more walls with another unit, it is considered a single-family home if it has direct access to a street and does not share heating facilities/equipment, water equipment, nor any other essential facility or service.

Condo

A condominium is usually attached housing, where the buyers/owners of each unit own their individual unit and a portion of the private land that the buildings sit on, as well as any amenities. All condominium buildings have associations (often referred to as Homeowner Associations) that govern/oversee the policies of the condominium building as a whole, allocate expenses for maintenance, and collect the homeowner association fees.

Co-Op

Cooperative (Co-op) housing is the form of ownership in which the whole property is owned by a corporation and then sold as shares to the individual buyers/owners of the community. Cooperative housing typically shares the costs of upkeep and maintenance and shares amenities across all of its members.

Tenancy In Common (TIC)

Tenancy In Common (TIC): In a TIC, a building is owned by a TIC group in percentage shares, including the rights to occupy a particular unit. Each owner has a distinct, separately transferable interest in the building as a whole. All areas of the property are owned equally by the group, and therefore an individual may not claim ownership to a specific part of the property.

THE FLOW OF A REAL ESTATE TRANSACTION

SELLER

Agent presents Comparable Market Analysis Price established, Listing Agreement signed.

MLS (Multiple Listing Service) Marketing, Advertisement, Open Houses, Showings.

BUYER

Commitment to the agent Market education, Financial pre-qualifications.

Viewing Properties, Property of Choice Located, Writing Offer with Agent.

Purchase offer presented to Seller

Negotiation of terms

Seller	Agent	Buyer
	Sales contract accepted	
Disclosures provided	Escrow opened Earnest money deposit	Loan process initiated
Inspections facilitated	Disclosures inspection Preliminary Title Report	Inspections obtained
Conditions removed	Possible additional negotiations	Conditions removed Deposit increased
	Escrow closing procedures	
Cash proceeds Move out	Loan funding Property title records at City Hall Utilities transfer to Buyer	Keys delivered Move in

DISCLOUSURES

In San Francisco, it's typical for the listing agent to provide a general disclosure package to all serious buyers. This is your opportunity to review general information about the property prior to writing an offer. It is required that the sellers and agent disclose everything they know about the property and that you are aware of anything that might affect your decision to purchase the property.

GENERAL DISCLOSURES THAT YOU WILL SEE ARE:

Real Estate Transfer Disclosure Statement (called the RETDS), SF Seller Disclosure Statement

These 2 disclosures are questionnaires about the property completed by the seller.

Preliminary Title Report

Provided by the Title Company, this report gives you information about the sellers.

Pest Inspection Report

Generally provided by the seller, this report looks specifically at structural damage to the property from wood-boring beetles, termites, dry rot, etc.

Agent's Visual Inspection Disclosure

It is required that both agents do their own visual inspection.

Underground Storage Tank Report (if built prior to 1992)

This report indicates if there is evidence of a tank.

Natural Hazard Zone Disclosure (Property ID or JCPR Report)

This report gives you all information about how the property might be affected by a natural hazard. Earthquake, Wildfire, Tsunami, Flood, etc., based on its specific location.

Report of Residential Building Record (3-R Report)

The San Francisco Building Department issues a 3R to show the current use of a property, a history of building permits & other important information.

PROPERTIES LOCATED IN A HOMEOWNERS ASSOCIATION SHOULD INCLUDE:

Conditions, covenants, and restrictions commonly referred to as CC&R's

Homeowners Association (HOA) Meeting Minutes for the last 12 months

HOA Budget and Budget Reserve Study (if it's a larger building)

Condominium Certification Form

House Rules / Misc Communication

MAKING THE OFFER

Q: What is a good offer?

A: A good offer depends on multiple factors: the market, the neighborhood, the seller's needs, and the list price. It is your agent's job to provide you with the best information on these factors to help you make a decision. Is the list price low or high compared to the market? Is your offer the only one, or are there several you are up against? Are properties in general selling above or below the asking price in the neighborhood?

Q: How do you win in a multiple bids situation?

A: Primarily by understanding the strategy and motivation of the sellers. It is important to know how many other offers have been placed, the state of the market, and the goals of the seller. An offer is more than a purchase price – a good offer is drafted carefully with overall terms that will appeal to the seller.

Q: Is it beneficial to provide a personal letter or enclose photos, etc., with the offer?

A: Absolutely. Sellers want to know who is buying their house. Whether you are buying from a developer or an individual seller, a solid offer package with a personalized cover letter shows that you are a serious purchaser.

Q: How long will it take to know if my offer has been accepted?

A: It is preferable to allow 24 hours for the seller to respond. In some cases, the seller requests more time, but usually no more than a couple of days.

Q: What is the counter offer? How does it work?

A: They can ACCEPT it as written, and you areratified — meaning you are "in contract" to buy it.

They can REJECT it.

They can offer you a "BACK-UP" position — in the case that they have accepted another offer, this will put you in first position to ratify if the first offer cancels or falls through.

They can COUNTER your offer. They can counter you on the purchase price, the length of escrow, contingency periods, or any other terms. Once you receive their counter, you can then 1) Accept, 2) Reject, or 3) Counter their counter. This can go back and forth several times until both sides come to an agreement. As soon as one party agrees to the other's counter, you are ratified.

Q: What is the counter offer? How does it work?

A: If a seller receives more than one offer, they can counter all of them or select a few. In this scenario, the offer is not ratified when you respond to their counter. The seller has the final say, therefore you are not ratified until the seller accepts your counter.

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SHEDULE A MEETING

ESCROW

Escrow: What is it?

Escrow is the period of time between your offer being accepted and closing escrow. Escrow is a deposit of funds, a deed, or other instrument by one party for the delivery to another party upon completion of a particular condition or event.

Why Do I Need an Escrow?

Whether you are the buyer, seller, lender, or borrower, you want assurance that no funds or property will change hands until ALL of the instructions in the transaction have been followed. The escrow holder has the obligation to safeguard the funds and/or documents while they are in the possession of the escrow holder, and to disburse funds and/or convey title only when all provisions of the escrow have been complied with. The escrow officer is a neutral third party and does not represent any one party.

How Does Escrow Work?

The principals to the escrow—buyer, seller, lender, agents—cause escrow instructions, most usually in writing, to be created, signed, and delivered to the escrow officer. If a broker is involved, he will normally provide the escrow officer with the information necessary for the preparation of your escrow instructions and documents. The escrow officer will process the escrow, in accordance with the escrow instructions, and when all conditions required in the escrow can be met or achieved, the escrow will be "closed." The duties of an escrow holder include: following the instructions given by the principals and parties to the transaction in a timely manner; handling the funds and/or documents in accordance with the instruction; paying all bills as authorized; responding to authorized requests from the principals; closing the escrow only when all terms funds in accordance with instructions and provide an accounting for same: the Closing or Settlement Statement. The escrow officer can ONLY take instructions from all parties in agreement. No one party in the transaction can solely give instructions. The escrow officer does not represent any one party—they are a neutral 3rd party in the transaction.

How Long Does Escrow Last?

This is determined on a case-by-case basis and will be written into the offer. Generally, 30-40 days is common. However, in some cases, you (or the seller) may need more time. In some cases, it is shorter, for example, with an all-cash deal.

Who Chooses The Escrow Holder?

In San Francisco, it is usually the buyer's choice, as the buyer pays the escrow fees. The selection of the escrow holder is normally done by agreement between the principals. If a real estate broker is involved in the transaction, the broker may recommend an escrow holder. However, it is the right of the principals to use an escrow holder who is competent and who is experienced in handling the type of escrow at hand. There are laws that prohibit the payment of referral fees; this affords the consumer the best possible escrow services without any compromise caused by a person receiving a referral fee.

WHAT HAPPENS DURING ESCROW?

The escrow period gives all parties involved the time needed to comply with the terms of the offer and prepare to transfer title from the seller to the buyer. During this period, you do several things, all of which your agent will help you with:

1. You put down a refundable deposit of 3% of the purchase price, which is held by the title company.
2. Your lender processes your loan and will ask you for various information needed to approve you.
3. The lender orders an appraisal for the property.
4. You review and sign disclosures.
5. You do your due diligence on the property and remove your contingencies by the deadlines you requested in your offer.
6. You have any inspections you wrote into your offer done.
7. Complete final wire of funds to Escrow.
8. Sign final loan docs with notary by set appointment.
9. Close of Escrow! Happens typically a day or 2 after signing docs with notary.

- Key Day Ceremony! Prepare for Professional Pictures & Video!

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