

# HOW TO BUY YOUR FIRST HOME

The Essential Guide to a Stress-free  
Path to Homeownership



Anna Kay  
Kalashnikova  
(530)368-9642

[akay@legends.realestate](mailto:akay@legends.realestate)

<https://anna-kay.com>

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# YOUR JOURNEY TO HOMEOWNERSHIP

Buying your first home is an exciting milestone—a dream many work hard to achieve. But it's natural to feel a mix of emotions as you begin this journey. You might wonder if you can truly afford the home you want or worry about navigating the complexities of mortgages, inspections, and contracts. At the same time, you're likely inspired by the possibilities: the freedom to make a space your own, the security of putting down roots, and the pride that comes with such a significant accomplishment.

This guide is designed to address both the challenges and joys of buying your first home. It's a step-by-step resource to help you feel informed and empowered every step of the way. And while knowledge is key, the bottom line is this: having an experienced realtor by your side can make all the difference. I will guide you through the process, negotiate on your behalf, protect your interests, and help you navigate the complexities of the market, so you can focus on what really matters—finding the perfect place to call home.

Let's take this journey together! Let's get started!



# 1. START FINANCIAL PREPARATION

Buying your first home starts with smart financial planning. First, connect with the lender you trust and have them check your credit score, as it plays a big role in qualifying for a mortgage and securing a good interest rate. Aim for a score of 620 or higher, though higher scores offer better terms.

Next, reduce existing debts if possible—lenders look at your debt-to-income (DTI) ratio to determine affordability. Paying off balances can improve your financial profile.

Avoid opening new lines of credit or making large purchases during this time, as these can lower your score and raise red flags for lenders. Stability is key.

Finally, save for your down payment. Depending on the loan type, you may need 3-20% of the home's price. Also, set aside funds for closing costs, typically 2-5% of the purchase price.

By taking these steps, you'll position yourself for a smoother buying process and secure a home that aligns with your goals.

*If saving 20% feels out of reach, don't worry—California offers programs to assist first-time buyers. I'll connect you with lenders experienced in these programs to explore your options. Focus on your credit score by keeping your credit card balances under 40% of their limits to show responsible usage.*

*If you don't have any debt and haven't had any for 7 years, focus on building your credit score—I'll guide you through the process.*

## 2. GATHER THE DOCUMENTS FOR PRE-APPROVAL

Before you can secure a pre-approval to buy a home, you'll need to assemble key documents that prove your financial readiness. Lenders will evaluate your ability to afford the monthly mortgage payment, including taxes and insurance.

Here's what you'll need:

- **Income Documentation:** You must show consistent income for at least two years. This includes recent pay stubs, W-2 forms, or profit-and-loss statements if you're self-employed.
- **Tax Returns:** Provide your federal tax returns for the past two years to verify your income history.
- **Employment Verification:** Lenders will require confirmation of your current job status, typically via an employment letter or direct contact with your employer.

The income needed depends on the size of the mortgage and associated costs. A general rule is that your total monthly housing costs (including taxes and insurance) should not exceed 28% of your **gross** monthly income. You can find the free mortgage calculator on my website:



<https://anna-kay.com/mortgage-calculator>

# 3. GET TO KNOW YOUR MARKET

Understanding your local housing market is key to finding the right home. Start by identifying your priorities—what are your must-haves versus nice-to-haves? Contact me to set up a meeting where we'll discuss your needs, budget, and lifestyle.

Once we've outlined your goals, I'll create a custom home search tailored to your preferred areas, ensuring you see listings that match your criteria as soon as they hit the market. I will also set up alerts for market updates and recently sold homes. This will give you valuable insight into how long homes stay on the market and the pace at which they sell, so you'll know how quickly you'll need to act once you're ready.

<https://anna-kay.com/sacramento-CA/market>

In addition to this, explore neighborhoods in person. Drive through at different times of the day to get a feel for the community. Research schools, commute times, and local amenities to ensure the area fits your lifestyle. Attend the neighborhood events, such as markets, fairs and garage sales. Meet the potential neighbors and ask them what how they like the area.

With a clear plan and expert guidance, you'll be well-prepared to navigate the market and find the perfect home.





## 4. GET PRE-APPROVED AND START SEARCHING

Before you can make an offer, you'll need a pre-approval letter, which is typically valid for 60 days. Pre-approval shows sellers you're serious and financially ready to buy. I'll connect you with a few trusted lenders and recommend also speaking with your bank. Comparing lenders can help you find the best rates and terms, though it might feel overwhelming. Your lender will guide you through loan options, such as conventional, FHA, and VA loans, to find the right fit.

Once pre-approved, it's time to start your search. The season you shop can impact your experience. Winter often means less competition and more motivated sellers, potentially leading to better deals. However, there may be fewer homes to choose from. Summer offers more inventory but comes with bidding wars and higher competition.

With your pre-approval in hand and expert guidance, you'll be ready to find the home that fits your needs and budget.



# 5. REFINE YOUR MUST-HAVES AND NICE-TO-HAVES

Now that you're pre-approved and have started exploring the market, it's time to refine your list of priorities. Seeing what's available can help you clarify which features are non-negotiable and which you're willing to compromise on.

Consider the following:

- **Number of Bedrooms and Bathrooms:** How much space do you need now and in the future?
- **Square Footage:** Does the layout fit your lifestyle?
- **Home Condition:** Are you looking for move-in ready, or are you open to making improvements to create your dream home?
- **Backyard Size and Amenities:** Is outdoor space important, or would you love a pool?
- **Neighborhood Features:**
  - School ratings for families with children.
  - Proximity to parks, shops, or downtown.
  - Biking distance or easy access to outdoor features like rivers or trails.

By narrowing down your priorities, I'll help focus your search on homes that check the most important boxes, ensuring we find the perfect fit for you.



## 6. MAKE AN OFFER

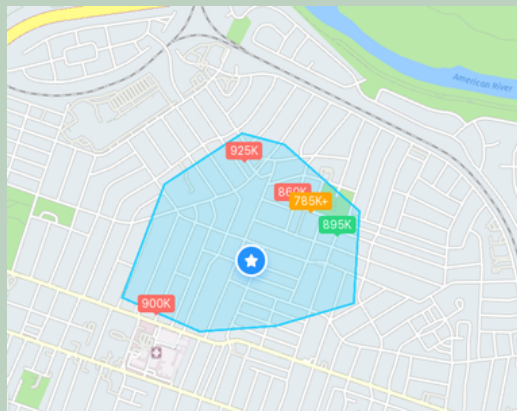
Once you've found the home that meets your criteria and includes all your must-haves, it's time to make an offer. Having watched the market for a while, you'll have a good sense of whether this is the right home for you.

**Act quickly**—especially in a competitive market, homes that are priced right often sell fast. My aim is to visit the property in person with you as soon as possible to confirm it feels like the right fit.

When you're ready, I'll guide you through the offer process, making sure your bid is competitive and aligns with the market conditions. Your offer will include an earnest money deposit, typically 1-2% of the offer price, showing the seller you're serious. To help you make an informed decision, I'll prepare a Comparative Market Analysis (CMA), which compares similar homes in the area so you can see what offer price range is reasonable.

I'll also guide you through other important aspects of the offer, such as setting timelines for inspections and including loan contingencies.

Together, we'll work to present a competitive and well-structured offer that gives you the best chance to secure the home you've been waiting for.





# 7. NEGOTIATE

Don't expect your first offer to be accepted, especially in a competitive market or for highly desired homes. It's common to make multiple offers before securing a deal. When you submit your offer, the seller can either accept, reject, or counter it.

Negotiation is a critical step, and having an experienced agent on your side can make all the difference. I'll help you navigate counteroffers and advise you on the best approach to get the best price and favorable contract terms.

It's important to maintain your right to fully investigate the property's condition, so I'll ensure the terms of the contract support necessary inspections and contingencies. In California, these contingencies can include home inspections, appraisal, and loan approval, which help protect your investment.

With my professional guidance, you'll have the best chance to secure the home while protecting your interests.



# 8. ESCROW: LOAN TASKS

The escrow period, typically 20 to 30 days, is the time between your offer being accepted and closing. During this phase, your lender will finalize your loan approval, which includes checkpoints like a home inspection, appraisal, and additional documentation. FHA or VA loans may require extra time due to additional paperwork.

## Loan Tasks.

Stay responsive to your lender's requests for documents or clarifications to ensure timely loan approval

## Appraisal.

An appraisal is a professional evaluation of a property's market value conducted by a licensed appraiser. It involves assessing the property's condition, location, size, comparable sales in the area, and market trends. An appraisal ensures the home's value matches the loan amount.

It is different from the Comparative Market Analysis (CMA) that I create for you to help understanding the market and establishing the offer price.

Including an appraisal contingency protects your earnest money if the value falls short.



# 9. ESCROW: INVESTIGATIONS

## Review Disclosures

In California, sellers must provide mandatory disclosures about the property, including known issues like past repairs, natural hazards, or neighborhood conditions. I'll guide you through these documents, helping you focus on the most critical details within the dozens of forms.

## Home Inspections.

While not required by lenders, a home inspection is essential to identify potential problems, like structural issues or health hazards. Review the inspector's report alongside the disclosures, and if major issues arise, ask the seller to address them, provide credits, or reduce the price. If an agreement isn't reached, you may back out if you included an inspection contingency.

if major issues arise, I will handle the request to seller to remediate the problem, provide credits, or reduce the price. If an agreement isn't reached, you may back out if you included an inspection contingency.

With my extensive experience in homes needing attention, I can guide you in identifying potential issues that might not be obvious at first glance, and advise on obtaining additional inspections



# FINALIZE THE SALE

Once we have removed all the contingencies according to the timeline, we will work with you, the Escrow officer and your lender to finalize the sale. We will ensure all necessary documents are completed, the disclosures and the investigations are complete.

Before closing, we'll do a final walkthrough to ensure the home is in the agreed-upon condition. Next, you'll arrange the wire transfer for your down payment —your escrow officer will provide instructions. Once the transaction is recorded, you'll officially get the keys to your new home! Now, it's time to celebrate and plan your move into your dream home!

Buying your first home a significant milestone, and it's normal to feel a mix of emotions along the way. With the right support and planning, you can navigate the process smoothly while protecting your biggest investment.

Let's make your dream a reality!



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