



HOME BUYER'S

# Guide

The Road To Home

**kw**  
KELLERWILLIAMS

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At Knowledge Real Estate Group, we know that the right real estate decisions are life changing and that is why we commit to providing every home buyer we work with the best, most extraordinary level of real estate representation possible.

Equipped with an unparalleled work ethic and over 60 years of combined real estate experience, our team has the expertise, market knowledge and due diligence you need to navigate the home buying process with the most experienced and professional team by your side.

As a real estate team, we work together to understand your real estate needs and consistently surpass your expectations. Each of us has a specific job to ensure that you receive the very best service possible and we work on your behalf to negotiate ideal terms and maximum value throughout each step of the buying process.

*VISIT US ONLINE AT*  
**WWW.KNOWLEDGERE.**  
**(916) 547-3615**



# ten steps TO BUYING A HOME

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## FIND THE RIGHT AGENT

Buying a home is one of the most significant purchases in a lifetime. It is essential to have an experienced agent in your corner, always looking out for your best interest. A buyer agent's fiduciary responsibility is to represent the buyer and to ensure that they are protected.

After all, a seller has someone in their corner. A listing agent has an allegiance to the seller. Their goal is to get the seller top dollar for their home. There is incredible value in having someone working for YOUR best interests when buying a home.

### NEIGHBORHOOD EXPERT

Our team works daily with inspectors, contractors, and negotiating with sellers. We have the market knowledge you need to get you the home of your dreams at the best price! Understanding the local real estate market is essential when it comes time to make an offer on a house.

### GETTING YOU IN THE DOOR

We will narrow down the homes that fit your unique wants and needs and get you in the door! We look at dozens of homes every week, and can help you identify potential problems within a home.

### AFFORDABILITY

The seller typically pays the commission for both the seller's agent and the buyer's agent.

### ON YOUR SIDE

As your buyer's agent my team and I will represent your best interests. With a pulse on the local market and a sound understanding of how various amenities effect the value of a home, we will make sure to submit a competitive offer on the right house for you.

### HANDLING CHALLENGING CONVERSATIONS

When repairs or changes in price need to be made my team and I will be your guide and handle requesting any repairs or changes in price to the sellers.

### STAYING ON TOP OF THE PAPERWORK

Buying a home involves many types of documentation. We have the experience and knowledge to navigate real estate contracts, disclosures and reports. Ensuring that nothing is overlooked, and we will make sure that you truly understand what a document, disclosure or report means before ever signing on the dotted line.

### PROBLEM SOLVER

My team and I will work hard to protect all of your interests and take on any issues that may arise throughout the entire process. We will make sure buying a home is a fun and stress-free process.



02/

## PREPARE FINANCES

### HOW MUCH HOUSE CAN YOU AFFORD?

Mortgage lenders recommend you do not buy a home that is more than 3 to 5 times your annual household income. If you are not purchasing a home with cash, you will need a mortgage pre-approval provided by a mortgage lender. A lender will work with you to get a loan that meets your needs. Some buyers are concerned with keeping their monthly payments as low as possible while others want to make sure that their monthly payments never increase.

### CHECK YOUR CREDIT

A mortgage requires a good credit score. You can improve your score by:

- Paying down credit card balances
- Continuing to make payments on time
- Avoid applying for a new credit card or car loan until you have been approved for your home loan
- Avoid making big purchases until you have been approved for your home loan
- If possible, avoid job changes until you have been approved for your home loan

### SAVE CASH FOR A DOWN PAYMENT & OTHER EXPENSES

In order to make your dream of buying a home a reality, you will need to save cash for your down payment, earnest money, closing costs & home inspector.

- Down Payment is typically between 3.5% & 20% of the purchase price
- Earnest Money is money you put down to show you're serious about purchasing a home. It's also known as a good faith deposit.
- Closing Costs for the buyer run between 2% & 5% of the loan amount
- Inspection Costs: Home \$300 to \$500, Pest \$125, HVAC \$70 to \$150 and Roof \$75 to \$150

03/

## GET PRE-APPROVED

When buying a home, start by making a wish list and setting a budget. We can help you choose a lender to get you pre-approved for a loan, and then you're ready to start house hunting. Being pre-approved, unlike being pre-qualified, means you've actually been fully approved by a lender for a specific loan amount. You will need to provide documented financial information (income, statements, assets, debt & credit reports, tax returns etc.) to be reviewed & verified by the lender. This is very important as sellers highly favor approved buyer or pre qualified.





# PREPARING

*for a positive leader*

## GET QUALIFIED

TYPE OF LOAN	CREDIT SCORE	DOWN PAYMENT
VA LOAN	620	NO DOWN PAYMENT
USDA LOAN	620	NO DOWN PAYMENT
FHA LOAN	580+	3.5%
	500-579	10%
203K LOAN	640	3.5%
CONVENTIONAL 97	620	3%
CONVENTIONAL LOAN	640	5-20%

## INCOME QUALIFICATIONS

### QUALIFYING INCOME

W-2 Income/Salary  
Income from part-time jobs  
Income from a second job  
Overtime & Bonuses  
Seasonal jobs  
Self-employed Income  
Alimony & child support w/ documentation

### NON-QUALIFYING INCOME

Income from the lottery  
Gambling  
Unemployment pay  
Single bonuses  
Non-occupying co-signer income  
Unverifiable income  
Income from rental properties

## DOCUMENTS NEEDED

W2'S FROM THE PAST 2 YEARS  
3 MONTHS WORTH OF PAY-STUBS  
BANK STATEMENTS (PAST 3 MONTHS)  
PREVIOUS 2 YEARS OF TAX RETURNS  
LIST OF YOUR DEBTS & ASSETS  
DIVORCE DECREE  
ADDITIONAL INCOME DOCUMENTS

# TYPES OF MORTGAGE LOANS

## TYPES OF LOANS

	WHO QUALIFIES	DOWN PAYMENT	UPFRONT MORTGAGE INSURANCE	MONTHLY MORTGAGE INSURANCE	MINIMUM CREDIT SCORE
<b>VA</b> Department of Veteran Affairs	Veterans Personnel with honorable discharge Reservists & National Guard Surviving Spouses	NONE	NONE	NONE	580
<b>USDA</b> Department of Agriculture	Someone who is buying a home in a USDA -designated rural area.	NONE	2% of the loan amount. Can be rolled into loan amount.	REQUIRED	640
<b>FHA</b> Federal Housing Administration	Anyone who meets the minimum credit and income levels.	At least 3.5% of purchase price	1.75% of loan amount	REQUIRED	580-640
<b>203K</b> Federal Housing Administration	Anyone who plans to purchase a fixer-upper or needs to renovate their home and meets credit & income requirements	At least 3.5% of purchase price	1.75% of loan amount	REQUIRED	580-640
<b>CONVENTIONAL 97</b>	Depending on the program, available first time home buyers (a buyer who hasn't owned in the last three years) can put 3% down with a Conventional 97 program.	Varies from 3%-20% of purchase price	NONE	REQUIRED	620
<b>SELECT SMART PLUS</b>	Anyone who meets lenders credit, income & debt level requirements	Varies from 3% -20%, but typically ranges from 5-20%	NONE	REQUIRED	620




# START *Shoptaining*





## START HOME SHOPPING

### **SEARCH & FAVORITE PROPERTIES** *ON [WWW.KNOWLEDGERE.COM](http://WWW.KNOWLEDGERE.COM)*

Click the  icon when you find a house you love to save it in your favorites section and let us know you like it. Hit "See This Listing" or reach out to us directly to schedule an in-person showing. We will walk you through the home and answer any questions, so you can make an informed decision.

### **START TOURING HOMES IN YOUR PRICE RANGE**

Time to start shopping! We will take notes on all the homes we visit. It can be hard to remember all the details of each home, so you and I can take pictures or video to help you remember each home, and review the notes you have written. Once we have found THE house for you, we will prepare and present an appropriate offer based off of recent sales and current buyer activity in the area, as well as the value of the property in it's current condition. Negotiations may take place after the offer is presented.

### **TIP**

#### **SEARCH FOR HOMES WHEREVER YOU ARE**

Use [www.KnowledgeRE.com](http://www.KnowledgeRE.com) to search for your dream home from any device. You can compare walk scores, school ratings and even neighborhood demographics for different listings. When you save a search on our site, any new homes matching your wish list criteria will be delivered straight to your inbox the moment they go up for sale.







# MAKE AN *offer*



05/

## MAKE AN OFFER

### WHEN TO MAKE AN OFFER:

We have found THE house! Congrats! In today's market when the demand is higher than the amount of homes available it is important to act fast!

### HOW MUCH TO OFFER:

We will sit down and look at recent sales and current buyer activity in the area, as well as the value of the property in it's present condition. Putting all this information together, we will determine the price that you would like to offer.

### SUBMITTING AN OFFER

There are some components to an offer that makes it more appealing to the sellers.

- Put Your Best Foot Forward

We will work together to discuss your options and create your very best offer. Depending on the circumstances, you may have only one chance to make a good impression.

- Put Down a Healthy Earnest Deposit

A large earnest money deposit shows the seller you are serious

- Cash Talks

An offer that is not dependent on receiving loan approval (Loan Approved) is more attractive to a seller than one where the buyer is only pre approved. (Ask about our trade-in cash programs).

- Shorter Inspection Periods

Try shortening the inspection period to 10 days

- Offer to Close Quickly

Many sellers prefer to close within 30 days. Seller occupy after the close of escrow.

## THE PROCESS

### AFTER YOU SUBMIT AN OFFER

#### THE SELLER COULD

- ACCEPT THE OFFER

- DECLINE THE OFFER

This happens if the seller thinks your offer isn't close enough to their expectations to further negotiate.

- COUNTER-OFFER or SELLER MULTIPLE

A counter-offer is when the seller offers you different terms. If this happens, you can:

A multiple-counter offer is when the seller counter multiple buyers. If this happens, you can:

- ACCEPT THE SELLER'S COUNTER-OFFER

- DECLINE THE SELLER'S COUNTER-OFFER

- COUNTER THE SELLER'S COUNTER-OFFER

You can negotiate back and forth as many times as needed until you reach an agreement or someone chooses to walk away.

### OFFER IS ACCEPTED - CONGRATS!

Sign and accept the counter and you are now officially under contract and going to escrow or you can counter back. If you accept the counter this period of time is called the contingency period. Now inspections, appraisals, or anything else built into your purchase agreement will take place.

Accept or counter the seller multiple counter. Either way we then wait for the seller to choose which buyer they will move forward with or respond to.



# ESCROW *Journal*



06/

## ORDER INSPECTIONS

During the inspection period, we will review the sellers inspections if applicable and/or schedule all our own inspections with reputable inspectors to do a thorough investigation of the home. Once these are complete, the inspectors will provide us with a written report of their findings and except for the home inspection a cost for the repairs. You can take these items "as-is" or request the seller to address some or all of the findings. We will be mindful and reasonable on smaller items, while being very cautious and vigilant of potentially significant issues.

07/

## NEGOTIATE FINAL OFFER

**Items that need to be addressed typically arise after the home and pest inspections, and those items tend to result in another round of negotiations for credits or request for repairs.**

**1. Ask for a credit for the work that needs to be done.** Likely, the last thing the seller wants to do is repair work.

**2. Think "big picture" and don't sweat the small stuff.** Tile that needs some caulking, or a leaky faucet can easily be fixed. Repairs are still up for negotiation and perhaps a credit would help with closing costs.

The listing agent will sometimes be present during our inspections. It is important not to reveal your comfort level with any of the findings. This could come back to hurt you in further discussions or negotiations.

08/

## APPRAISAL ORDERED

Your lender will arrange for a third party appraiser to provide an independent estimate of the value of the house you are buying. The appraisal lets all parties involved know that the price is fair. We will ensure the appraiser has no conditions. The loan file then moves on to the mortgage underwriter. again, we will make sure the lender has no prior to approval, loan docs or funding conditions.

Once approved you will then receive your final commitment letter (approval Letter) that includes the final loan terms & percentage rates.

### Escrow will complete a property title search - Pre lim

This ensures that the seller truly owns the property, and that all existing liens, loans or judgments are disclosed.

### Homeowner's Insurance

You'll need to purchase homeowners insurance for the new home prior to closing. This will protect against things like fire, storms and flooding



# *scheduling*

# YOUR MOVE

## LET'S GET ORGANIZED

- Once your mortgage is finalized (Approved).
- Declutter! Sort through every drawer, closet, cupboard & shelf, removing items you no longer need or like. Donate or sell items that are in good condition
- Get copies of medical records and store with your other important documents
- Create an inventory of anything valuable that you plan to move
- Get estimates from moving companies (Knowledge RE Vendor Referral Guide)

## 4 WEEKS TO MOVE

- Order all our inspections get and review reports for possible request for repairs
- Give 30 days notice if you are currently renting
- Schedule movers/moving truck
- Buy/find packing materials
- Start Packing

## 3 WEEKS TO MOVE

- If repairs were requested make sure they are completed and paid for
- APPRAISAL BEING COMPLETED - Verify appraisal value and conditions, Loan conditions
- COMPLETE TITLE SEARCH (TITLE COMPANY WILL DO THIS)

## 2 WEEKS TO MOVE

- SECURE HOME WARRANTY
- GET QUOTES FOR HOME INSURANCE and secure a policy, info to escrow
- SCHEDULE TIME FOR CLOSING
- Contact utility companies (water, electric, cable) for your current home and new home
- Change address: mailing, subscriptions, etc.
- Minimize grocery shopping
- Keep on packing

## 1 WEEK TO MOVE

- OBTAIN CERTIFIED CHECKS FOR CLOSING OR WIRE FUNDS
- SCHEDULE AND ATTEND FINAL WALK THROUGH
- Finish packing
- Clean
- Pack essentials for a few nights in new home
- Confirm delivery date with the moving company. Write directions to the new home, along with your cell phone number



# CLOSING *day*





# CLOSING DAY



## CLOSING DAY

Closing is when you sign ownership and insurance paperwork and you receive your new home's keys! Typically, closing takes four to six weeks. During this time, purchase funds are held in escrow, where your money is held safe until the transaction is complete.



## CLOSING DISCLOSURE

Lenders are required to provide you with a closing disclosure, at least three days before closing. This will show you what your final loan terms and closing costs will be. You will have three days to review the statement. This is done to ensure that there are no surprises at the closing table. If there is a significant discrepancy between the loan estimate and the closing disclosure, we must notify your lender and title company immediately.



## FINAL WALK THROUGH

We will do a final walk through the home within 24 hours of closing to check the property's condition. This final inspection takes about an hour. We will make sure any repair work that the seller agreed to make has been done.

We will be sure to:

- Make sure all appliances are working properly
- Run the water in all the faucets and check for any possible leaks
- Open and close garage doors with opener
- Flush toilets
- Run the garbage disposal and exhaust fans



## CLOSING TABLE

Who will be there:

- In person your escrow officer from the title company or if your request off site at your home etc. a notary will come to you with the paperwork to complete what is called a mobile signing

The closing typically happens at the title company. Some of the documents that you will be signing include: the deed of trust, promissory note, and other documents and disclosures.



## CLOSING COSTS

Closing costs can vary depending on your home's purchase price and where you are located. You can generally expect your closing costs to be around 3% to 4% of the home's sales price. These closing costs can sometimes be shared with the seller.



## BRING TO CLOSING

- Government-issued photo ID
- Copy of the sales contract
- Homeowner's insurance certificate
- Proof of funds sent (Wire receipt that covered the remainder of the down payment and your closing costs).



## RECEIVE YOUR KEYS

Congratulations! It was a lot of hard work but you are now officially home owners!! Time to get to know your new neighbors!



# THE ROAD TO Home

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