



FIRST TIME HOME BUYERS

# STEP EIGHT SHOPPING FOR A HOME & WRITING OFFERS

[WESTCALFINANCIAL.COM](http://WESTCALFINANCIAL.COM)





# Buyer Agency Agreements

## Changes to Buyer Agent Commission (August 2024 Update)

**Previous Practice:** Prior to August 2024 Buyer Agent commission was often negotiated as part of the listing agreement and posted in the MLS to let buyer agents know if the seller was offering a Buyer Agent commission and at what percentage.

**New Rules (Effective August 2024):** Buyer agent commission can no longer be negotiated in the listing agreement. Instead, it will now be negotiated as part of the purchase contract between the buyer and seller.

**New Requirement:** A Buyer Agency Agreement is now required for an agent to show homes and write offers on your behalf.

**What This Means for You:** Buyers will now directly negotiate with their agent about commission terms as part of their agreement to work together.

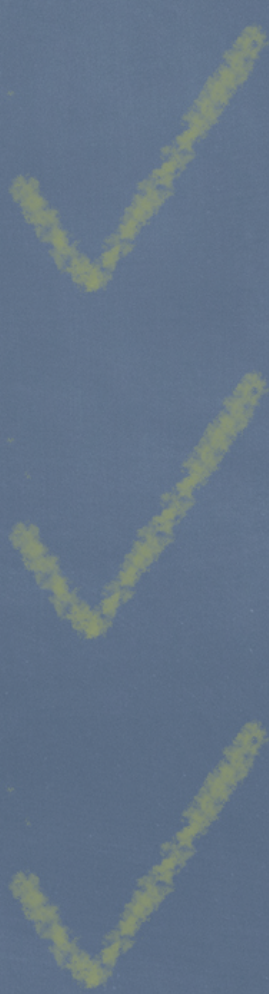
# Home Shopping DO's

## Our Discussion Points

- ✓ Make a Needs vs. Wants List – Prioritize features that are essential vs. desirable.
- ✓ Stay Focused on Your 'Why' – Let your motivation drive your timeline and urgency.
- ✓ Stick to Your Monthly Budget – How much did you set as your maximum payment?
- ✓ Follow MLS Updates – Stay informed with real-time property updates from your agent.
- 📢 Being prepared helps you find the right home faster!



# NOT TO DO LIST



## Home Shopping DONT's

### Our Discussion Points

- ❌ Don't Get Too Attached Too Soon – You may need to submit multiple offers before one is accepted.
- ❌ Don't Hesitate or Rush – Ask questions and schedule showings promptly.
- ❌ Don't Overlook Online Listings – Many homes can be ruled in or out based on their online details.
- 📢 A balanced approach ensures a smoother experience.



# Writing an offer

## WRITE A WINNING OFFER

Make sure the price, terms and timelines of the agreement convey to the seller just how much you want the house.

## ASK YOUR AGENT FOR ADVICE

Ask your agent how you can make your offer more competitive.

## CONSIDER INCLUDING AN OFFER LETTER

These days there are issues regarding compliance with buyer "love letters" instead of having the buyer provide a letter have your loan officer include a letter to the seller explaining your strength as the buyer, and have your lender follow up by making a call to the listing agent.







# Purchase Agreement

A HOME PURCHASE CONTRACT IS MORE THAN JUST PRICE—IT INCLUDES IMPORTANT TERMS AND CONTINGENCIES.

 Key Terms in Your Offer:

- ✓ Purchase Price – How much are you offering?
- ✓ Closing Timeline – How long will it take to close the transaction?
- ✓ Earnest Money Deposit – A deposit showing you are serious about buying.
- ✓ Loan & Financing Terms – Down payment, loan type, and interest rate caps.
- ✓ Contingencies – Appraisal, loan approval, and inspections.
- ✓ Seller Concessions – Are you asking for closing cost assistance?

 Work with your agent to write a strong, competitive offer!



# Purchase Contract

- Purchase Price - How much are you offering?
- How long will it take you to close the purchase transaction?
- When does your offer expire?
- How much will your Earnest Money Deposit be?
- Are you getting a loan? How much are you borrowing? What type of loan are you getting? What is the maximum interest rate you are willing or able to pay?
- Do you intend to occupy the property or will this be a second home or investment?
- How much money are you putting down?
- Are you asking for a seller credit?
- Do you have any additional finance terms?
- Do you have bank statements to provide proof of funds for your down payment and closing costs?
- Do you have a lenders pre-approval letter to provide?
- Loan Contingency - How many days do you need to get full loan approval?
- Appraisal Contingency - How many days do you need to receive your completed appraisal report?
- Inspection or Investigation or Property Contingency - How many days do you need to receive all necessary reports to fully evaluate the condition of the property?



# Purchase Contract

- How long do you need to review seller disclosures, preliminary title report, HOA disclosures, documents regarding lien or leased items?
- Do you need to sell a property in order to close this purchase transaction?
- When do you want to take possession of the property?
- Will the seller be remaining after closing? What are the terms of that agreement?
- Is the tenant occupied? Will the tenants remain after closing? What are the terms regarding tenancy/occupancy?
- How long does the seller have to deliver all documents and disclosures? How long do you have to sign and return escrow documents?
- How long does the seller have to order the HOA documents and pay the fees?
- How long is provided for installation of smoke and carbon dioxide detectors, and bracing for water heater?
- What items, fixtures and appliances are included with the sale? What items are excluded?



# Purchase Contract

## WHO IS PAYING FOR WHAT - ALLOCATION OF COST

- Buyer Agent Commission
- Natural Hazard Disclosure
- Smoke Alarms, CO Detectors
- Government Required Point of Sale Inspections  
Resale, Fire, Sewer Lateral, Etc.
- Government Required Point of Sale Corrections
- Escrow Fees
- Owners Title Policy
- County Transfer Tax
- City Transfer Tax
- HOA Fees for Disclosures
- HOA Certification Fee
- HOA Transfer Fee
- Private Transfer Fees (Solar, etc)
- Home Warranty Plan



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2

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# Earnest Money Deposit & Contingencies

CONTINGENCIES PROVIDE CRUCIAL PROTECTIONS  
FOR BUYERS.

💰 Earnest Money Deposit – A good faith deposit that is typically held in escrow. It is only at risk if contingencies are removed and you fail to close.

🔍 Common Contingencies:

✓ Insurance Contingency – Time to shop and receive a quote for all required insurance policies

✓ Inspection Contingency – Time to review the property and negotiate repairs.

✓ Appraisal Contingency – Ensures the home appraises at or above the offer price.

✓ Loan Contingency – Protects you if financing falls through.



A hand holding a rolled-up \$100 bill over a white piggy bank. The background is a dark blue gradient.

# Earnest Money Deposit

- The purchase contract will outline how much the earnest money deposit will be and how and when the deposit will be made.
- The default method in the California Association of Realtors Purchase contract is for the Deposit to be made via wire transfer.
- Due to wire fraud some buyers do not feel comfortable making wire transfers, there are other options available. Discuss your options with your agent.
- Work closely with your title company to make sure your deposit safely recieved and applied to the correct escrow account.





# Home Inspections

- Discuss home inspection options with your agent.
- Schedule a certified home inspection company to inspect the home and provide a detailed report.
- Carefully Review the Inspection Reports
- If you have an inspection contingency it is during this time period that you can negotiate with the seller regarding repairs or credits if necessary

# Understanding Contingencies



## Appraisal Contingency.

Unless you have agreed to make up a shortfall in the appraised value, the appraisal contingency states that the home must appraise for the purchase price.

If the appraisal comes in low this is something you can negotiate with the seller. Keep in mind the seller is under no obligation to lower the purchase price or provide a credit, and you as the buyer are under no obligation to close the transaction.



## Loan Contingency.

The loan contingency protects you if for some reason you are unable to obtain financing.

Prior to submitting an offer you will most likely have provided the seller with a lender pre-approval. However, once you are under contract the lender will have additional documents they want to review including your most recent bank statements, paystubs, etc. They will also review the title report and appraisal to make sure they are making a safe investment as well.



A hand holding a roll of US dollar bills, with a white piggy bank in the foreground. The background is a dark blue gradient.

# Full Contingency Release

- The purchase contract will dictate when this full contingency release should be provided to the seller. However, if you do not have what you need to release a specific contingency, your agent will work with the seller's agent to ask for an extension of time if needed.
- Once the full contingency release is provided, your earnest money deposit will be at risk if, for some reason, you are unable to close the purchase transaction successfully.
- Work closely with your agent to make sure you understand the implications of releasing each contingency and, ultimately, the full contingency release.



WHAT'S  
NEXT?

# Next Steps

Once your offer is accepted, the contract becomes a legally binding agreement. Your next steps:

- ✓ Review Seller Disclosures – Understand the property's history and condition.
  - ✓ Complete Inspections – Schedule professional inspections and review reports.
  - ✓ Finalize Financing – Submit updated financials to your lender for final approval.
  - ✓ Prepare for Closing – Work with your agent and lender to complete all required steps.
- 📢 Your agent and lender will guide you every step of the way!



# Contact Information

## Get in Touch

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# WEST CAL FINANCIAL

## HOME BUYER CREDIT

PURCHASE PRICE : \$800,000

DOWN PAYMENT : \$160,000 (20%)

LOAN AMOUNT  
X LOAN COMMISSION (1.25%)  
BUYER CREDIT

$\$640,000 \times 1.25\% = \$8,000$  CREDIT

If you would rather obtain a lower rate with this credit we use it to buy down the interest rate.





# Thank You!

WE HOPE TO HEAR FROM YOU SOON.