



Home Buying Resource Guide

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The first – and perhaps the most important – step of your journey is to find your realtor, Evan! I will be with you every step of the way and available by phone, text (best and preferred), and email. My ultimate goal is to find you a home and get it at the lowest possible price! It's certainly a process though. During our initial call, we will have a consultation to discuss your needs and expectations and also go over most of these items below. But below is a general outline of what to expect during your home buying journey that you can use to refer back to.

GETTING READY TO SEARCH

- During our initial consultation, we will discuss your current living situation and what your expectations are for a new home.
- Don't worry – there may be a lot of things that you haven't thought of yet – we're going to get to all of it in due time.
- At this time, you might not know more than how many bedrooms and bathrooms you want to have. Again, don't worry, this is normal. Most of what you are looking for will become abundantly clear when we start looking at homes.
- When you are looking at homes, the process is not just about finding your home, but it is also about finding out what you don't want in a home.
- On our first tour, we will aim to see at least 3 homes that day and no more than 6. Seeing 3 helps to add some perspective to your search; more than 6 is a bit much for most in one day.
- After that, you might go check out some open houses on your own, but I would love to set up more tours – even seeing one house at a time – and go with you!
- Overall, you should aim to spend 4 hours a week on tours; 1 hour looking at homes online to decide which too see and 3 hours touring those homes in person.

SECURING FINANCING

- Before we can begin our search, we need to know how much money is in your 'wallet'.
- Prior to setting up in-person searches we will need a verified pre-approval letter from your lender. This will be provided from your lender after they have received some required financial documentation from you (eg. W2's, taxes, pay stubs, bank statements, hard credit check, etc.).

BEGIN TOURING

- After our initial consultation, I will set you up with a search on the MLS (multiple listing service). This is the most accurate source of all information (all other 3rd party sites, ie Zillow, Redfin) collect their information from the MLS.
- Keep an eye out for an email from 'vesta plus' (the MLS software) to access and set up your account. (Your partner can access the dashboard using your login.)
- When you have identified a number of properties you want to initially see, please inform me and I will set up a tour for your next available timeframe. We want to aim to see no less than 3 and no more than 6 homes on our first tour (roughly 2-4 hours).
- Subsequently, if we don't find your home on the first tour, we can set up additional tours as needed, for even just one home at a time as our schedules allow.



MAKING OFFERS

- When we have identified a home you like and can see yourself living in, we will want to make efforts to get it under contract and be in control of the process.
- Keep in mind that while we only want to make offers on homes you see a future in, with as little as a 1-day inspection contingency, there is virtually no risk to you to make an offer – so go for it!
- In order to submit the offer, I will not only need your pre-approval letter, but also a copy of your most recent bank statements from any/all accounts you will be using for your down payment and closing costs (this is called ‘proof of funds’).

NEGOTIATE THE DEAL

- After viewing the home that we want to obtain, I will check with the agent that the home is still available and see what the ‘comps’ are like.
- Once I’ve done that, I’ll be able to provide you with a recommendation on whether this home is reasonably obtainable and at what price. If you are aligned with that price, we will go ahead and make the offer. If not, we will continue to look for other homes.
- My best recommendation for negotiating the deal: always put your best foot forward for offers (and counters). This way you will not have any regrets.
- There may be some counter offers presented – if there are, I will explain that process as they arise and how we should handle the situation. I will again recommend the best course of action for you to take during this phase.

OPENING ESCROW

- Once your offer is accepted, we will be ‘in escrow’ and proceeding towards closing. Remember, we only want to put offers in on houses we want to buy so when we’re in this stage, it is a good thing and we’re hoping that we will continue to close and purchase the property!
- The first and most important thing to remember about your offer is that 99.9% of the time, (unless you want it not to be) you will not be locked into your offer. You are required to heed to the details of your contract. However, through the proper use of ‘contingencies’ we are able to get out of the contract without penalties.
- When we open escrow, you will be receiving an email from me, introducing you to your Transaction Coordinator (“TC”). Your TC will be invaluable in this process and helping to guide you through all of the disclosures and other paperwork you will need signed.
- **What is a contingency?** There are various contingencies that can be used – each one for a specific purpose. But they all do the same thing: protect your earnest money. As you will read below, you will deposit your earnest money, and in order to get it back when cancelling the contract, you have to use one of your contingencies, otherwise you risk losing your deposit. And don’t worry – your contingencies don’t magically disappear. You have to sign a document to remove them and that won’t happen unless we are ready to continue to the next phase. Plus, I am also here to protect you and will make sure you make the right moves throughout the escrow process.



ESCROW TIMELINE (on average, escrows will last 30 days)

- Day 0: this is the day you sign your offer is fully accepted and we open escrow.
- Day 1: you will also be getting emails and paperwork from your Lender throughout escrow. On day 1 (or soon after) they will send you your Opening Disclosure, likely confirming your rate lock, and ordering your appraisal. It is very important you sign the disclosure right away **so the appraisal can be ordered**. Any delays here may cause delays in escrow which we want to avoid. (Note: signing the disclosure at this stage is merely an acknowledgement. Aside from the rate lock, you are still able to make adjustments to your loan terms after that – BUT, if you have concerns, you should speak to your lender immediately to sort it out so you can sign the disclosures.)
- Day 1-3: your first order of duty is to submit your Earnest Money (aka “Good Faith”) Deposit or EMD.
 - I recommend doing this no later than the second business day to make sure your money is received on time. Sometimes you can make this transfer online; if not, I recommend making at an appointment at your local branch.
 - BEFORE you submit your EMD, it is very important you verify the account number you will wire the funds to, by calling the Escrow Officer directly and confirming over the phone.
- Day 1-7: this is typically your inspection contingency window to do your due diligence (although the timeframe can vary depending on your contract).
 - During this time you will review all of the disclosures the TC sends and sign them to acknowledge you have received them. If you have concerns about what is on the seller disclosures, please make note of them to me right away.
 - You will also want to have at least a general inspection performed at this time. I can help to arrange this for you. Depending on the property, you may want additional inspections, such as Termite, Sewer, Roof, Chimney, Foundation, Pool, Soil/Geo, etc. We can discuss what you will need and how not to go overboard as ordering all of these can be expensive.
 - With these inspections will DEFINITELY find problems with the home. That is expected as no home is perfect. And, as I like to say, “you are not just buying a home, you are buying home ownership responsibilities.” The purpose of these inspections is to make sure you aren’t walking into a situation where you are expected to be responsible for more than you anticipated or more than any normal homeowner should have to bear – at least from the very start.
 - If we find MAJOR issues that need to be addressed with the seller, we will do so through a ‘request for repair (or credit)’ negotiation. I will help guide you as to an appropriate request in your situation. If we reach an adequate settlement – as we hope – we remove the inspection contingency and proceed with the sale.
- Day 1-12: this is typically your appraisal contingency period (although the timeframe can vary depending on your contract).
 - The appraisal is required by lenders and is generally a justification that the amount that they are lending is appropriate and not exorbitant. 99% of the time the appraisal value is exactly the purchase price amount.



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- If the appraisal does come in low, we will need to negotiate this with the seller and that is allowed through this appraisal contingency. (If the appraisal contingency is ‘waived’ you will not be able to negotiate at this point.)
- Perhaps the seller will honor the appraised value, perhaps you will meet somewhere in the middle. Any price agreed upon over the appraised value, will require you as the buyer to pay the difference in cash, in addition to your down payment.
 - For example, if the agreed upon purchase price is \$825,000, and you have a 10% down payment; but the appraised value is only \$800,000, you will have an \$80,000 down payment (10% of \$800,000) + \$25,000 “gap” coverage (\$825,000-\$800,000). So your total out of pocket (not including closing costs) would be \$105,000. The good news here is that all of this money is going towards equity!
- If we reach an agreement with the seller, we remove the appraisal contingency.
- Day 1-14: this is typically your loan contingency period (although the timeframe can vary depending on your contract).
 - For the most part, if you have been given a pre-approval, chances are you will be fully approved for your loan during escrow.
 - However, since it may have been a while from when you received your pre-approval, the underwriter has to make sure nothing has changed.
 - If anything changes that affects your income, assets or credit score has changed since you initially received your pre-approval, you may be denied for your loan. Therefore, some things you don’t want to do from the time you get your pre-approval until the time you buy include:
 - Don’t buy a car
 - Don’t quit or job (and avoid losing it in any way)
 - Don’t reduce your hours if you are not a salaried worker
 - Don’t get a new credit card
 - Don’t buy anything that will run a hard credit check
 - Don’t make unusual purchases
 - Don’t transfer large sums of money into or out of your accounts
 - Should something unfortunate happen and your loan does get denied, we will try our best to work it out and get your sale completed. However, this is when the loan contingency will come into place and we can ensure that you can still get your earnest money back if we need to cancel the escrow.
 - Typically, once the loan contingency is removed, you are now on ‘easy street’ and heading towards closing.
- 3 Days Before Loan Documents (or more): Your Closing Disclosure (aka “CD”)
 - This is around the time that your loan will be ‘Clear to Close’ – when everything is ready for your lender to fund.
 - At this time, the lender will send you your final ‘estimate,’ also called a Closing Disclosure.
 - It is extremely important that when the CD is sent, you review it, address any concerns to your lender, and sign it right away. Failure to do so, could delay the remaining closing schedule.



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- 5 Days Before Closing: within 5 days of closing you are allowed to go back and do a ‘final walkthrough’ (aka Verification of Property).
 - In most cases, you will not have been to the property since you had the general inspection a few weeks ago. This will be the last time before you own it!
 - At this point, there is no real way to back out and still get your EMD back, so that is not the purpose. Rather, it is to make sure the place is still standing and in the same condition that you had last seen it in.
 - Additionally, this is the opportunity to confirm that any repairs agreed upon during inspections were now completed by the seller prior to closing.
 - Some people also use this time to measure rooms for furniture.
- 2 Days Before Closing: this is generally when you will be signing your loan documents.
 - No less than 3 days prior to this day, you will have signed your Closing Disclosures electronically that your lender will have sent. That is the last time you can potentially adjust anything on your loan.
 - Once signed, the lender will begin preparing the loan documents, do a final balancing with escrow and send the docs to escrow for your signature.
 - Escrow will arrange for you to sign these documents in front of a notary (take pics when you do sign – this doesn’t happen every day!)
 - Generally, that same day, you will **also transfer the remainder of your closing costs into escrow**. This is extremely important so don’t forget this step. And don’t forget to verify the bank account – if it is somehow different than the first account you wired the money too. When you do send the wire, make sure to keep a copy of your confirmation.
- 1 Day Before Closing: this is when your loan is funded.
 - As mentioned above, you will have likely sent over the rest of your down payment and closing costs the day before, perhaps even earlier.
 - At this point, the lender has received your signatures on the loan docs and is now able to send over the money they owe for the purchase to escrow.
 - At this point, your loan is funded and your sale is set up for recording.
- Day of Closing: the day you become a homeowner!
 - In Los Angeles county, there is a rule that prevents us from recording the sale on the same day that the loan is funded.
 - ‘Closing’ actually refers to the recording of the sale of title with the county.
 - Therefore, the day after the loan is funded, the title company records the sale with the county. Once the county confirms the recording, then we will get a confirmation email from them and you are officially a homeowner! CONGRATS! Now you can pop the champagne and celebrate.
 - Generally speaking, any time after we get that email, you are entitled to get your keys and start moving your things in.
 - In some cases, the contract may stipulate that you cannot get the keys until later that day, perhaps 6pm.
 - In other cases, you may have agreed to let the seller or occupant remain in the house for an extended period of time. In these cases, you are usually entitled to a copy of the keys, but may not move in until the agreed upon date.



OTHER CONSIDERATIONS

- Down Payments plus Closing Costs
 - Closing costs are simply the cost of conducting the transactions. Depending on the situation and the market, you may be able to negotiate some of these costs with the seller, but don't count on that unless your agent specifically says there is a chance.
 - I usually recommend budgeting about 3% of the purchase price towards your closing costs. It is often closer to 2% but it could go higher and better to be prepared.
 - In other words, if you are putting down 10% and planning to buy a home for \$800,000, then you also need to budget another 3% closing costs and should have at least \$104,000 saved up to cover the down payment and closing costs.
 - Good news: more than likely you don't have to pay me – I work for you for free, as the seller (typically) pays for my commissions. 😊
 - However, included in your closing costs are:
 - inspector fees (for each inspector you hire to inspect the home)
 - appraisal fees (and perhaps 'rush' fees if needed)
 - wire transfer fees (charged by your bank)
 - brokerage service fees (a processing fee charged by brokerages)
 - transaction coordinator fees (for their document prep services)
 - escrow fees (processing fees charged by the escrow companies)
 - title insurance (typically for the lender's title policy)
 - lender origination fees (processing fees charged by lenders)
 - interest rate buydown fees (if applicable)
 - taxes and insurance (usually prorated based on purchase date)
 - first month's mortgage payment
 - first month's HOA fees (if applicable)
 - HOA document fees (if applicable)
 - There may be others not mentioned above, but that is a general list of what to expect. Most of these, with the notable exceptions of wire transfer fees, inspector fees and appraisal fees, will typically be paid at the end of escrow, right before closing – along with your down payment.
- Work & Effort Required
 - Shopping for homes can be somewhat tedious and lengthy. Patience, Persistence and Compromise is the key to being successful.
 - Portions of escrow can be very hectic. Being diligent, checking emails often, responding promptly to requests and asking questions is very important.
- Picking a Neighborhood
 - This is your search and no one will know better as to which neighborhood will be best for you.
 - There are some great sites, like Niche.com and GreatSchools.org that can help you get a good feel for a neighborhood.
 - But nothing will compare to driving around that neighborhood – at day and night – to confirm that an area of town is a good fit for you.



- Stress of the Search
 - Buying a home – especially for the first time – can be an overwhelming experience, to say the least.
 - The reason for that is it is a ‘new’ experience – even if you have bought a home in the past, unless you are a professional real estate investor, it is not something you do regularly and it is not only a unique process but also one of the largest purchases you will ever make. Simply put, it’s a big deal.
 - One of the best things you can do is hire a realtor who handles these transactions regularly who can guide you through the ins-and-outs of the process, and reduce some of the stress or second-guessing you are likely to have.
 - Realtors are typically paid for by the seller, so as a buyer, you are not only getting (hopefully) great advice, but also getting it for free!
 - I pride myself on not only giving advice to my clients of what I would do in their shoes, but also helping to educate along the way so my buyers can make the best, most informed decisions for themselves.
- Obtaining Home Owner’s Insurance
 - I normally find the cheapest option is when you bundle your home and auto policies. It may not be cheapest with your current provider, but if you price shop the bundle options with a few companies, you should find a good price.
 - If you are in a high fire hazard zone, it could be more expensive, but let me know if you have trouble and I have some good people that can help.
 - Don’t ignore the ‘big brands’ – Farmers, State Farm, Geico, even Travelers – some of their prices are higher but they may be more likely to pay out a claim than some discount brands. And that’s really what you need the most.
 - When you find the right policy, tell the agent that you are in escrow and they should send the binder to escrow to be paid at closing. Don’t pay them up front.
- Setting up Utility Service Providers
 - Generally, I will be able to get you a list of providers for your particular home.
 - You will want to call them a few days before closing to set up the accounts as of the day you will occupy the premises.
- Preparing for the Move
 - Obviously, hiring movers might be on your list of things to do. While it may be exciting and you want to move in the very next day after closing, sometimes there are delays and if you are putting yourself at risk of losing a deposit if you have to reschedule, it may be best to plan to move a few days after closing.
 - I would also always recommend changing your locks once you take possession of the home. You can go as extensively or minimally as you prefer – up to and including reprogramming and garage or other remote controls and electronic locks.
 - Check with your home warranty company – in some cases this may be a service they offer (possibly even for free)



- Condos (HOAs) vs Single Family Houses (SFH)
 - Depending on your price point, you may be open to considering either a condo unit or a single family home. If this is a consideration, my best advice would be to see a few of each at the beginning. This will allow you to try and narrow down your search to just focusing on one or the other. If you are looking for both, your search will be a lot harder and open you up to more second-guessing in escrow.
 - Most reluctancies to buy a condo stem from the extra monthly HOA fee. However, keep in mind that a large portion of these fees are costs you would also have owning a SFH, such as water, trash, sewer and gardening expenses – which most HOA fees will cover. And if you get a condo within a complex that has more amenities, your fees might be higher, but so are your luxuries that you otherwise wouldn't have (or would have to pay more to have regardless).
 - Similarly the downsides of owning a home is that you never know when you might need to come up with a large sum of money to fix the roof, repipe the drains, rewire the house, etc.
 - There are definitely pros and cons to each of these purchases – it's certainly a personal decision that needs to fit your lifestyle best, but both are great options and better than renting! Ask your realtor questions that you have about these differences and perhaps they can help guide you to the best decision for YOU.
- Real vs Personal Property
 - It's important to know what you are buying when you are looking at a home. Anything that is technically attached to the home – either walls, floors or ceilings, are considered to be 'real property' and are typically part of the sale unless excluded. Anything that can be easily removed is 'personal' property and is expected to be removed unless otherwise stated.
 - For example, the brackets that are mounted on the wall for a TV are now 'real property' but the TV attached to the brackets that is easily removed is 'personal property.'
- This is your buying process – and it should be fun!
 - This is a very long checklist and it is not being presented for you to memorize. I am here and will guide you throughout the process. But it is here for you to have as an additional resource.
 - I have two philosophies when it comes to buying homes:
 - One: I want it to be a fun process for you. I want you to look back on it and remember this time we spend together as a fun and memorable experience. I hope that is the case for you.
 - Two: This is YOUR home buying experience. I am always here to guide you, give you advice, tell you what I would do in your situation, but at the end of the day, this is YOUR decision to make. Therefore, what I really want to do is arm you with most if not all of the information I have so that you can make the best and most informed decision for yourself. I hope this (lengthy) guide and my assistance does just that.

