

# FIRST TIME HOME BUYER GUIDE

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ASSOCIATES





## About Kelly Gargiulo & Associates



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Serving the greater San Francisco East Bay area specializing in Concord, Lafayette, Moraga, Orinda, Danville, Walnut Creek, Alamo, and the surrounding areas.

My philosophy about real estate is that I am here to help two parties (buyer and seller) find each other and complete a transaction with a minimum of fuss and headache. I am an advocate for my clients. My job is to obtain the best price, terms and conditions for MY client, not to worry about the other parties' preferences or feelings. But, I find that real estate transactions are far more satisfying to both parties when closing is a pleasant experience for everyone.

It takes a TEAM of Professionals working together with your Realtor. Over the years, I have compiled a team of excellent Lenders, Appraisers, Escrow Officers, Contractors, Stagers, Home Inspectors & Pest Inspectors. All share the same customer service values, work ethics & standards of excellence that I do. Each performing a different scope of work, but all holds equal importance in the process of Purchasing & Selling Real Estate.

Keeping an edge on the ever changing market is key for my client's success. I continually educate myself on the changes in the industry and study the current market conditions so I can better assist my clients. Real Estate is the most challenging job I have ever had and I wouldn't dream of doing anything else – I am passionate about my profession. My strong foundation of values, honesty, dedication, excellence and positive attitude are the basis for my success as a Realtor. The majority of my business stems from the referrals of satisfied clients, friends & family. It is the greatest compliment when a client refers another to your services. I ensure that they will receive the same incredible service & experience.

MEMBER OF:



## Are you ready to learn the steps to homeownership?



Is this your first time going through the home buying process? If so, don't worry, this guide is designed to answer any questions you might have and help you along the journey.

Follow along with this booklet as we break down everything step-by-step to help you have a better understanding of the process of buying your first home.

**Step 1.**  
Understanding Your Credit Score and How It Is Used in Getting Preapproved

**Step 2.**  
Hire Your Real Estate Agent and Review Your Home Ownership Goals

**Step 3.**  
Select a Loan Officer, Complete a Mortgage Application & Get Preapproved

**Step 4.**  
Start Shopping for a Home Staying Within Your Budget

**Step 5.**  
Make Offers Until You Have an Accepted Offer & Are Under Contract

**Step 6.**  
Complete the Loan Process & Close on Your New Home

Buying a home will require a good understanding of your overall finances, and your future financial goals. You should document what your monthly expenses are, what your total debt is, and your total income received monthly.

# Step 1. Credit Score

## Stay Informed About Your Credit

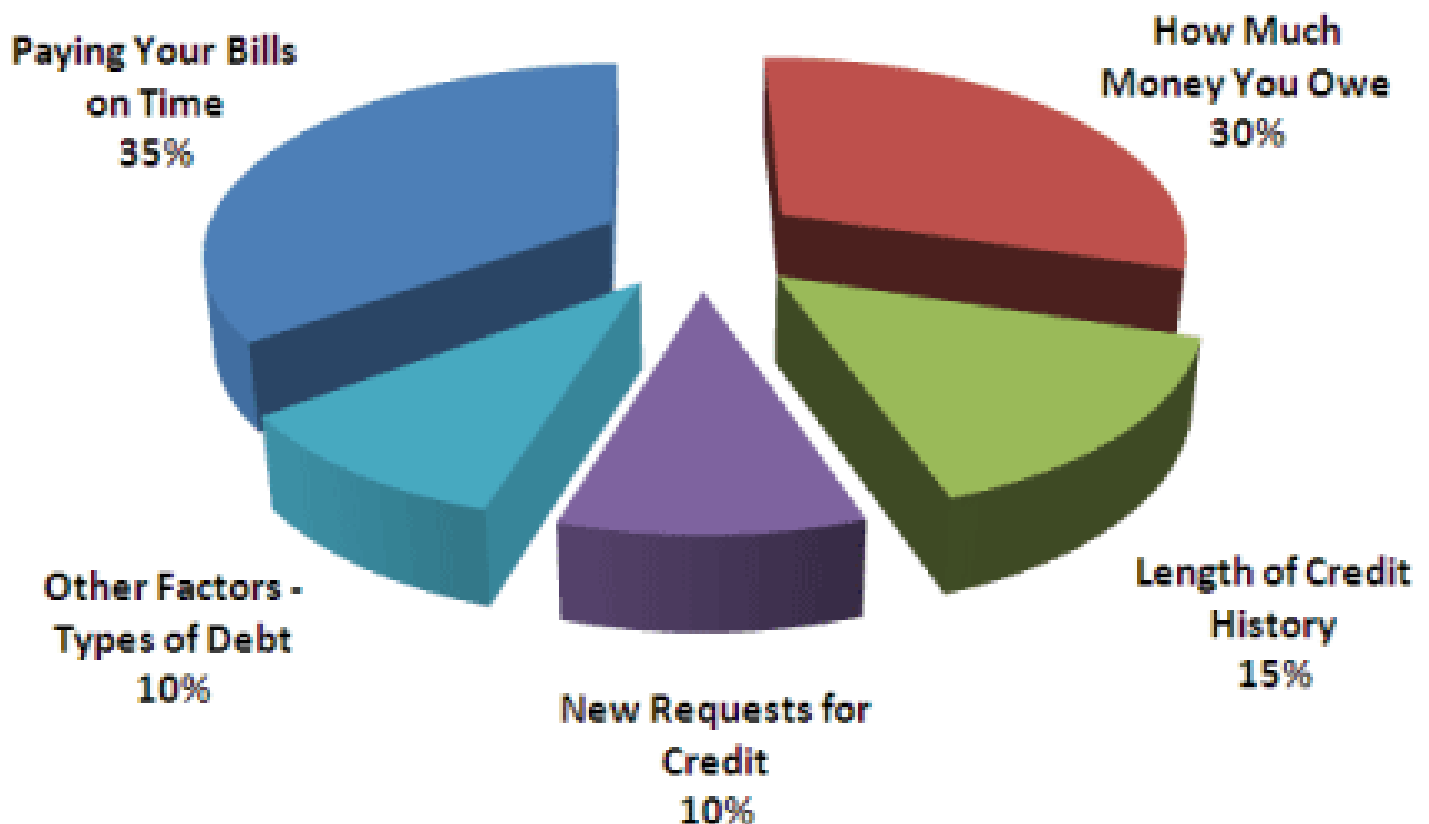
It's important to know your credit score and how it will factor into a lender's decision to qualify you for a loan.

How much do you know about your credit? Your credit score will definitely play a large role in getting a mortgage loan and favorable interest rates. Knowing your credit score and reviewing your credit report before you consider buying a home may help you prevent unexpected surprises.

## How Your Credit Score is Determined

A good credit score is essential to succeed in the new economy, vital to getting favorable interest rates on home loans, credit cards, and auto and student loans. But did you know that even your cell phone contract, insurance payments, and even the next job you apply for might take into account your credit score?

## Components of a Credit Score



## Step 2. Hire a Real Estate Agent

### Why Work with a Real Estate Agent?

Real estate agents have access to MLS listing – all the local homes listed for sale by other agents. In addition, there are other benefits to working with a real estate professional, whose job includes:

- ✓ Arranging appointments to view homes
- ✓ Advising you on the local real estate markets and property values
- ✓ Helping you make a competitive offer
- ✓ Negotiating the purchase contract terms with Seller and Seller' agent
- ✓ Recommending inspectors to evaluate the property
- ✓ Monitoring the escrow process on your behalf

Partnering with a well-trained real estate agent can help make the home buying process smoother, easier, and can help you find the home that your are dreaming of.



When you meet with your agent, you may want to have an idea of what you are looking for in a home. While you may not be able to check off everything on your list, you can communicate to your agent which things are your top priority in a new home. Your list may include:

### ☐ YOUR DREAM HOME WISH LIST

House size: \_\_\_\_\_

How many bedrooms: \_\_\_\_\_

Style of housing: \_\_\_\_\_

Neighborhood: \_\_\_\_\_

School preferences: \_\_\_\_\_

Special features: \_\_\_\_\_

Other Comments: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_



## Step 2. Hire a Real Estate Agent

The primary challenge for house hunters is the current low inventory levels. Low inventory can drive up the price of the homes available when buyers are having to compete for the same dream home. This environment is considered a “Seller’s Market”.

In an area considered a Seller’s Market, buyers will more than likely encounter bidding wars for the same property. The competition can be fierce. It doesn’t mean that you can’t be successful, quite the contrary. Putting together the most attractive offer package means more than just over bidding. This is where the most skilled and experienced Keller Williams Realtor can make the difference between getting your dream home, or not.



### Hiring the Right Agent for You

Buying a home is not only exciting and a bit stressful at times, tricky and complex. It is one of the biggest investments most people will make in their lifetime, therefore having the right agent representing you is imperative. You need to decide what you are looking for in an agent.



1. Knowledge of the area and neighborhoods?
2. The amount of training and knowledge in the real estate industry?
3. What tools they will use to assist you in finding the right home?
4. What agency do they work for, and what is the advantage?
5. Flexible and available whenever you want to view a home?
6. What is their skill level as a negotiator?

## Step 3. Select a Loan Officer

The mortgage loan advisor you select will work with your Realtor to guide you through the home buying process.

Often times, a Realtor works closely with a couple of Loan Officers and can recommend one to you. It is ultimately up to you, as to who you chose to work with.

Selecting a mortgage advisor to team up with early in the home buying process is extremely important. An experienced and knowledgeable mortgage loan advisor will help you review your overall financial picture, discuss your financial goals, and determine what homeownership looks like for you. Your advisor will then help you map out a plan to get you to the finish-line and into your new home.



One of the most important reasons to team up with your mortgage professional before you begin the process of shopping for a home is to obtain a pre-approval. A pre-approval is part of the official loan process where a lender provides you with a letter confirming the specific loan amount you can expect to be approved for.

Presenting a pre-approval letter along with your offer when you find the home of

your dreams will allow you to make the strongest possible offer. Sellers will see that you have begun the mortgage process, and that a lender has agreed to give you the amount you are offering, which can give you a competitive advantage over other potential buyers.

You can have an even more distinct advantage if you get pre-approved with Iron Point Mortgage's program. It will help you beat out other bidders, as a seller knows you have already been pre-approved for financing and can close in 20-days or less.





## Step 3. Select a Loan Officer

### Documents You Will Need to Get Preapproved

Applying for a mortgage can be a hassle when trying to assemble all the paperwork lenders require. They want detailed financial information so they can determine if you qualify for a home loan or what you need to do to get qualified in the future.

What you will need is:

#### PROOF OF INCOME

Lenders want to know that you'll be able to repay the loan. At minimum you'll need to provide:

- The previous year's W-2 form.
- Your most recent pay stub.
- Your tax returns from the past year.

Depending on your income history and the size of the loan, you may have to show additional paperwork.

#### Earnings outside of a regular job

Earnings from other sources, such as child support or alimony will likely to require court documents or divorce decrees, to prove the source of this income. Any additional income will have to be "sourced" on paper in order to use that income to help you qualify.

#### Debts

You'll need a complete list of all your debts, including credit cards, student loans, car loans, alimony and child support payments, along with a breakdown of balances and the minimum monthly payments.

No matter how much you're earning, your debts can seriously impact your debt-to-income ratio, which is a crucial component of your credit score. If you're spending beyond your means, or you have a lot of high-interest debt, you're less likely to qualify for the lowest rates on a mortgage.

#### Assets

An inventory of assets including bank statements, investment records, retirement accounts, real estate, and auto titles, and any other investments also make up a large part of your financial picture.

The lender will want to be sure you have enough savings to weather any unexpected expenses after you close on the house. They may also want proof that you paid the down payment from your own account and not as a loan from someone else. If you received money towards the down payment as a gift, you may be required to provide documentation that declares it was a gift and not a loan.



## Step 4. Start Shopping



You should have your vision of what you want in your new home, your Real Estate Agent, a Loan Offer, and are preapproved up to a set amount.

House hunting should be focused on what you need in a home, how much you can afford, and in the locations you desire to live within.



Research neighborhoods that you think you would like to live in. Visit them on different days and different times of the day. Listen for sounds and observe traffic patterns.



Check out the area parks, shopping opportunities, local cafés, proximity to freeways, theaters, pride of ownership, and any other amenities that are on your list of needs.





## Step 4. Start Shopping



By now, you should be able to start your search with your Realtor. Your Agent will send you listings to review to see if you are interested in setting an appointment to view the home. In this fast market, you need to be flexible and available. Homes are going quickly and some with multiple offers, so you need to be ready at a moments notice to see a home that meets your criteria. Don't wait for the open house, it may not last that long on the market!

Take notes and photos of each home you visit. Often times, we don't remember which one had that great walk-in closet, or open floor plan we want, after looking at a few homes. Keeping a journal will help you decide which homes you want to see again. Remember, time is of the essence, so staying organized and focused will help you get through this part of the home buying process and find your new home. Don't waste time on homes you can't afford.



Take time at the end of the day to review your notes and pictures, talk about the pros and cons. If it is priced right and in a desirable area, you may have to act fast. Your Agent will help you by vetting the homes you are looking at, so talk with them about why they picked that home to show you. Doing online searches will give you a better sense of what homes sell for and what inventory is available. Just remember to be realistic and honest about what you need.



## Step 5. Make Offers



### Be Ready to Strike!

With the fastest market in history, homes are selling at record speed. When a home hits the market that you might be interested in, go see it! Don't wait! In a sellers market due to low inventory levels, buyers have to be more aggressive in order to be successful in their homeownership goals. The average number of homes with multiple offers in California is almost 8 out of 10 homes. If you plan on waiting for the open house, you might miss out.

Even with the great skills of a Real Estate Agent, buying a home in a sellers' market can take a lot of your time, so be prepared, be flexible, be ready to move quickly, and be decisive. Now, having said that, don't be too impulsive or too compromising. Urgency is key but don't let it rule your decision either. The right home will show up eventually. Buying a home, whether it's your first home, your forever home, or your retirement home, is a big decision and the last thing you should want is buyer's remorse.



### Make a Strong Offer!

In a Seller's Market environment, buying the first home a buyer wants may be difficult! It may take a few offers to get accepted. It doesn't hurt to have a war chest of strategies to help your odds in getting your offer accepted.

Once you have found a few homes that you are seriously considering for purchase, do some more research in terms of the home itself. Purchasing a home is a long-term commitment.

## Step 6. Complete the Deal

When your offer has been accepted, it's time to move forward with the mortgage loan process.

Now you have the information that a lender needs to move your loan forward, such as the property address of the home you want to purchase. Your mortgage advisor will help you update and complete your loan application so that it can be submitted for final underwriting review and approval and walk you through the rest of the loan process.

Please note that before your loan gets approval, you may receive a list of closing conditions that need to be met. These conditions can include verification that your employer is current, and proof that you have obtained homeowner's insurance, and any other items as requested by the underwriter. Once closing conditions have been satisfied, the underwriter issues a clearance and your loan is fully approved.



Download our eBook

“Tips for a Buyer in a  
Seller’s Market”

for more ideas and tips  
on how to succeed  
when making an offer.

Full price offers are common, and even a few homes are going over the asking price in a bidding war with motivated buyers. So just what is it that a buyer should do to succeed when they find a home you’ve fallen in love with and can’t see yourself in any other home?



# Why a KW Real Estate Agent



In our experience, a home isn't a dream home because of its room dimensions. It's about how you feel when you walk through the front door—the way you can instantly envision your life unfolding there.

This is about more than real estate. It's about your life and your dreams. It's important that the agent you choose to guide you through this journey is your trusted expert and advocate.

## What's different about a Keller Williams agent?

**Knowledge:** Keller Williams agents stay ahead of trends, tools and topics in the real estate industry through their access to Keller Williams University. The comprehensive industry-leading training curriculum prepares our agents to serve you at the highest level.

**Teamwork:** Unlike other real estate companies, Keller Williams Realty was designed to reward agents for working together. At our core, we believe that we are all more successful if we strive towards a common goal, rather than our individual interests. And, that goal is to serve you, our client, at the highest level possible.

**Reliability:** Keller Williams Realty was founded on the principles of trust and honesty, emphasizing the importance of having the integrity to do the right thing and always putting your needs first. Our agents realize that their success is ultimately determined by the legacy we leave with each client we serve.

**Speed:** Leading-edge technology solutions accelerate our associates' efficiency and productivity.

**Call Kelly Gargiulo & Associates at 925.407.8822 Today!**