

Budget & Guide

A GUIDE
FOR THE HOME
BUYING PROCESS



Bungee's Guide

COMPLETE GUIDE FOR THE HOME BUYING PROCESS



RESIDEHAWAIIREALTY.COM



Litton Ludwig

GET TO KNOW YOUR REAL ESTATE AGENT

Born in Thailand, raised on the Big Island and deeply rooted on Oahu where she calls home, Litton has a love and appreciation for the community and aloha spirit of the islands. Instilled with a core set of values that she continues to embrace today, be honest in your words, act with sincerity, and remain humble in the service of others is how she approaches every relationship.

Spending most of her life in Hawaii, Litton had the invaluable opportunity to watch her home state transform to be one of the most sought-after destinations. This motivated her to be a part of this remarkable growth bringing her experience in entrepreneurship, marketing, staging, photography, virtual tours, creative writing, and graphic design. Litton offers a full suite of real estate services that help clients achieve their unique goals, whether that is selling their property for top price or securing the island home of their dreams.

Litton believes in being a dedicated ally to her clients – not a salesperson. By focusing her attention on serving the needs of her clients, she provides a real estate experience that is responsive, positive and one with total transparency in every transaction, sincerity in every conversation, and data-driven decision making in all circumstances.



(808) 799-8483



www.residehawaiiirealty.com



lludwig@listsir.com



4211 Waialae Ave, HI



GET TO KNOW YOUR REAL ESTATE BROKERAGE

The leader in premium real estate, we deploy intuitive technology to deliver a truly personalized, client-driven experience. With professionals in over 70 countries, we're local everywhere, allowing us to walk alongside our clients at every stage of their journey. We know they expect us to be the first and the best in exclusive property. We deliver.

Building on the centuries-long reputation of the preeminent auction house, the Sotheby's International Realty® brand is recognized globally. Our legacy of quality service and expertise is unmatched. When a home is represented by the Sotheby's International Realty® brand, it is presented to a highly qualified global clientele through exclusive channels and relationships. Our proprietary network of residential brokerage companies is located in 70 countries worldwide and a total of 22,700 affiliated independent sales associates. With offices throughout the Hawaiian Islands, and 1,000 offices around the globe, Sotheby's International Realty® is truly a global real estate brand.

List Sotheby's International Realty maintains a legacy of success as Hawaii's leading real estate brokerage. Our focused and successful sales associates provide the highest level of personal service and maintain unparalleled knowledge of the real estate marketplace. Providing unprecedented brokerage, relocation and concierge services, we serve local and international clientele with experienced agents who are active and engaged members of the community.

Paired with customized marketing and global reach, properties listed with List Sotheby's International Realty are positioned in the current market to achieve the best possible results. Understanding that our island properties occupy a special and significant place in the world, and that each property is as unique as each client, transactions are expertly handled in a rewarding and personal manner with luxury service at the forefront of all we do.



(808) 799-8483



lludwig@listsir.com



www.residehawaiiirealty.com



4211 Waiialae Ave, HI

Bunzer

QUESTIONNAIRE

DESIRED LOCATION

Look and feel of preferred area.

PRICING & FINANCING

What is your price range? If you need financing, are you pre-qualified yet?

TIMEFRAME

Do you need to sell a current home? Are you leasing? When does your current lease end? Ideal move in time?

INTERIOR

Number of Bedrooms? Bathrooms? Total square feet? Other interior requirements?

EXTERIOR

Lot size? Garage? Pool? Pet needs? Other exterior requirements?

3 Financing Tips



GET YOUR CREDIT IN CHECK

Make sure you're financially prepared for homeownership. Do you have a lot of debt? Plenty saved for a down payment? What about closing costs? Ask yourself "how much house can I afford?" before you go further. Additionally, know that lenders look closely at your credit score when determining your eligibility for a mortgage loan. Check your credit score and do anything you can to improve it, such as lowering outstanding debt, disputing any errors and holding off on applying for any other loans or credit cards.



FIND THE RIGHT LENDER

Just like you want to get the home that best suits your needs, you'll want to find a lender that best suits you. We suggest you consider using a broker to help you find a lender, talk to your agent—we are here to help, ask friends and family for referrals, and compare at least three lenders.



BE PREPARED

A lender will need information from you in order to get you pre-approved and through the home buying process. Here are a few things to have ready for them:

- W-2 forms from the past two years
- Pay stubs from the past 30 days
- Federal tax returns from the past two years
- Proof of other sources of income
- Recent bank statements
- Details on long-term debts such as car or student loans
- ID and Social Security number

*If you're self-employed, you may have to provide extra proof of your financial stability, including having a higher credit score or large cash reserves, and possibly providing business tax returns.

In a competitive market, sellers may ask for proof of pre-approval. This document can help strengthen your offer! Make sure to get a pre-approved letter before we start viewing homes.

THE

Buzzing

PROCESS

01

CONSULTATION

Meet with your Real Estate Agent! Discuss what you are looking for.

02

PRE-QUALIFIED

If you need financing get pre-approved by a lender or bank.

03

HOME SEARCH!

Your agent will narrow down options for your review.

04

MAKE AN OFFER!

Negotiate the offer and get it accepted! Contingent on inspection.

05

HOME INSPECTION

Discuss Results, decide if any repairs are needed and if you want to move forward.

06

APPRAISAL & TITLE SEARCH

The bank or lender orders the appraisal, title search and final financing is set.

07

CLOSING

Sign papers and pop the bubbly! Congratulations, you are home owner.



Buying STEP BY STEP



THE INITIAL PROCESS

1. CONSULTATION

I would love to chat with you about your needs, wishes and wants in your new home!

- How long have you been looking for a new home?
- What areas and neighborhoods are you looking at?
- What is your Plan B, if you can't find the home you have in mind?
- What are some of your must have items?
- What are deal breaker items?



2. PRE-QUALIFICATION

This is a necessary process that helps narrow down and determine how much you can afford!

Lenders typically recommend a home that costs no more than three to five times your annual household income, with a 20% down payment. However, there are **MANY** different financing structures that they can make work for you! Best to consult with a trusted lender and see which loan program you qualify for.

Did you know? 88% of all Buyers work with Realtors!

HOUSE HUNTING

3. FINDING "THE ONE"

I will tailor listings based on your criteria. I funnel all properties and pick the best to view, and will filter out the homes that will not work.

Most buyers look at approximately 10 properties and are then ready to make an offer. At that time, if you have not found a home you are looking for - it's HIGHLY recommended that we sit down and review your criteria to make sure that we are still looking for the right house!

Once you find one you love... it's time to determine the market value of that property. I will compare that home to others that have sold and from there we will determine the value for the home!

4. MAKING AN OFFER

Now is the exciting time! When you are ready to write an offer, I will walk you through the contract. It is important to write a fair offer or you can run the risk of the seller not responding or even losing the property to another buyer making an offer.

- Write the Offer
- Negotiate the Offer
- Satisfy Conditions



INSPECTIONS AND MORE

5. HOME INSPECTIONS

The immediate step after your offer is accepted is to schedule a home inspection. You will have a certain number of days to complete this inspection after the offer was accepted. This also includes termite inspection if you are in an area where you would be effected.



6. APPRAISAL, TITLE SEARCH & LENDER LETTER

The title is right to own, possess, use and control of a property. When purchasing a home you are buying a sellers title to the home. Before closing a title search is done to ensure there are no liens, or problems that might prevent a clean title for you to close on the home.

An appraisal, is an estimate of the property value. The approval is not only to justify the lender's investment, but to help keep the buyer from overpaying on a property. Your lender will typically hire an appraiser and charge you the fee at closing.

Final commitment lender's letter approves your home loan! You will receive a letter and loan term to your mortgage agreement. Your final letter will include your annual percentage rates, monthly fees, and repayment info for the loan.



CLOSING TIME

7. THE CLOSING

The closing process finalizes the sale of your home.

A FEW THINGS TO BRING

- A valid government issued photo ID
- Cashier's check payable for the total amount due
- Any outstanding documents for the title company or loan officer

CLOSING COSTS

Fees typically total 2% - 5% of the total purchase price and can typically include, but not limited to:

- Escrow Fees
- Recording fees
- Application and underwriting fees
- Appraisal Fees
- Local Transfer Taxes
- Homeowners Insurance
- Homeowners Association Fees
- Prorations

Closing cost calculator:

<https://www.nerdwallet.com/article/mortgages/closing-costs-calculator>

Bigger Mistakes

AVOID THESE MISTAKES WHEN BUYING YOUR HOME

SHOPPING BEFORE GETTING PRE-QUALIFIED

It's more fun to look at homes than it is to talk about your finances with a lender. So that's what a lot of first-time home buyers do: They visit properties before finding out how much they are able to borrow. Then, they are disappointed when they discover they were looking in the wrong price range (either too high or too low) or when they find the right home, but aren't able to make a serious offer. How to avoid this mistake: Talk to a mortgage professional about getting pre-qualified or even preapproved for a home loan before you start to seriously shop for a place. The pre-qualification or preapproval process involves a review of your income and expenses, and it can make your bid more competitive because you'll be able to show sellers that you can back up your offer.

EMPTYING YOUR SAVINGS

If you buy a previously owned home, it almost inevitably will need an unexpected repair not long after. Maybe you'll need to replace a water heater or pay a homeowner's insurance deductible after bad weather. How to avoid this mistake: Save enough money to make a down payment, pay for closing costs and moving expenses, and take care of repairs that may come up. Lenders will give you estimates of closing costs, and you can call around to get estimates of moving expenses.

CHOOSING THE WRONG LENDER

Shopping for a mortgage is like shopping for a car or any other expensive item: It pays to compare offers. Mortgage interest rates vary from lender to lender, and so do fees such as closing costs and discount points. But according to the Consumer Financial Protection Bureau, almost half of borrowers don't shop for a loan. How to avoid this mistake: Apply with multiple mortgage lenders. A typical borrower could save \$430 in interest just in the first year by comparing five lenders. All mortgage applications made within a 45-day window will count as just one credit inquiry.

REAL ESTATE TERMS

Sellers Need to Know

APPRAISAL

A DETERMINATION OF THE VALUE OF SOMETHING, IN THIS CASE, THE HOUSE YOU PLAN TO BUY. A PROFESSIONAL APPRAISER MAKES AN ESTIMATE BY EXAMINING THE PROPERTY, LOOKING AT THE INITIAL PURCHASE PRICE, AND COMPARING IT WITH RECENT SALES OF SIMILAR PROPERTY.

CLOSING COSTS

ALL SETTLEMENT OR TRANSACTION CHARGES THAT HOME BUYERS NEED TO PAY AT THE CLOSE OF ESCROW WHEN THE PROPERTY IS TRANSFERRED. THESE TYPICALLY INCLUDE LENDER'S FEES AND POINTS OR PREPAID INTEREST, A PRORATED SHARE OF THE PROPERTY TAXES, TRANSFER TAXES, CREDIT CHECK FEES, HOMEOWNERS' AND TITLE INSURANCE PREMIUMS, DEED FILING FEES, REAL ESTATE AGENT COMMISSIONS, INSPECTION AND APPRAISAL FEES, AND ATTORNEYS' FEES.

APPRECIATION

INCREASE IN THE VALUE OR WORTH OF AN ASSET OR PIECE OF PROPERTY THAT'S CAUSED BY EXTERNAL ECONOMIC FACTORS OCCURRING OVER TIME, RATHER THAN BY THE OWNER HAVING MADE IMPROVEMENTS OR ADDITIONS.

MLS

A COMPUTER-BASED SERVICE, COMMONLY REFERRED TO AS MLS, THAT PROVIDES REAL ESTATE PROFESSIONALS WITH DETAILED LISTINGS OF MOST HOMES CURRENTLY ON THE MARKET. THE PUBLIC CAN NOW ACCESS MUCH OF THIS KIND OF INFORMATION THROUGH WEBSITES LIKE ZILLOW AND TRULIA

ZONING

THE LOCAL LAWS DIVIDING CITIES OR COUNTIES INTO DIFFERENT ZONES ACCORDING TO ALLOWED USES, FROM SINGLE-FAMILY RESIDENTIAL TO COMMERCIAL TO INDUSTRIAL. MIXED-USE ZONES ARE ALSO USED. ZONING ORDINANCES CONTROL SIZE, LOCATION, AND USE OF BUILDINGS WITHIN THESE DIFFERENT AREAS AND HAVE AN EFFECT ON TRAFFIC, HEALTH, AND LIVABILITY.

CONTINGENCY

A PROVISION IN A CONTRACT STATING THAT SOME OR ALL OF THE TERMS OF THE CONTRACT WILL BE ALTERED OR VOIDED BY THE OCCURRENCE OF A SPECIFIC EVENT, USUALLY BY SPECIFIC DATES LEADING UP TO THE CLOSING.

ESCROW

THE HOLDING OF FUNDS OR DOCUMENTS BY A NEUTRAL THIRD PARTY PRIOR TO CLOSING YOUR HOME SALE. THIS IS TYPICALLY DONE BY A TITLE COMPANY.

HOME INSPECTION

AN EXAMINATION OF THE CONDITION OF A REAL ESTATE PROPERTY. A HOME INSPECTOR ASSESSES THE CONDITION OF A PROPERTY, INCLUDING ITS HEATING / COOLING SYSTEMS, PLUMBING, ELECTRICAL WORK, WATER AND SEWAGE, AS WELL AS SOME FIRE AND SAFETY ISSUES.

TITLE

OWNERSHIP OF REAL ESTATE OR PERSONAL PROPERTY. WITH REAL ESTATE, TITLE IS EVIDENCED BY A DEED (OR OTHER DOCUMENT) RECORDED IN THE COUNTY LAND RECORDS OFFICE.