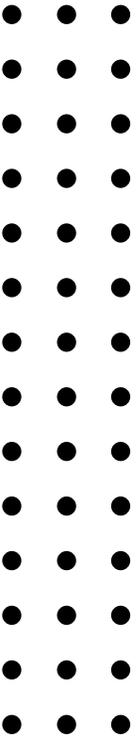


TALBOT TEAM'S

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# GUIDE TO THRIVE

AS A BAY AREA HOMEBUYER



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# Your Home Buying Journey Begins Today

Being a buyer in the Bay Area is akin to playing a giant game of capture the flag, where you have hoards of opponents that you have to outlast. This East Bay Home Buying Survival Guide was built to give you the tools you need to make the toughest decisions. We are both former teachers turned realtors, so this guide has fact sheets, worksheets, note sheets, and a glossary of terms.

Read it, refer to it, guard it, don't let the dog eat it. Investing in a home is one of the most important decisions you'll make. So much more than a roof over your head, your home is where life unfolds and memories are made, all while building a financial foundation for your future.

Deciding how you'll navigate your journey to homeownership is equally critical to the agent you work with. We've been in your position before, so we're familiar with what's cycling through your mind. As real estate agents, we've mastered the ins and outs of the buying process. When you work with us, you'll benefit from our experience, and together we'll work toward making sound, smart decisions for your future. We look forward to embarking on this journey together!

Maybe you've heard of friends who have missed out on the home they love because the seller chose another offer or you've been told that houses are selling for much higher than the list price. These challenges are real, but we're here to help ease your anxiety. Helping our buyers' offer stand out is one of our super powers. We have decided to package up that expertise and share the strategies we use with our own buyers in this checklist! Our goal is to help you prepare for house hunting in the competitive Bay Area market so that you're ready!

**Things are about to get serious. Learn the ins and out of our competitive market and how to get your offer accepted!**



*Jade, Paul, and Lucas, Talbot outside of their first home in Upper Fruitvale, Oakland. July 2018.*



# Our Competitive Advantage

## **INDUSTRY INSIDER**

Facilitator, negotiator, educator, cheerleader, confidant—a good agent wears all the hats. As former teachers turned realtors, honing these skills has helped us develop relationships of value.

## **LOCAL EXPERT**

Since moving to the Bay Area in 2013, we've become area experts. Aside from knowing this market inside and out, being involved in the community has shown us what makes it unique. The personalities and the places, the new and the established, the good and that-which-has-seen-better-days—all feed our local knowledge and will help you when decision time comes.

## **TECH-ENABLED**

Based on customer and agent feedback gathered from all over the world, we developed a suite of leading edge, customer-centric tools that work in your favor, complementing your experience for faster, best-in-class results. With a massive amount of data at our fingertips, we're able to foresee even the smallest micro-trend coming down the pike, giving you have the full story before you proceed.

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## Your Trusted Partners

From the day you partner with us, and even past the day you step foot in your new home, consider us your dedicated real estate advisors. Whatever you need, we have the resources and expertise to guide your decisions. Throughout your transaction, you can come to us for both the little things and the important steps, like comprehensive home insurance and competitive financing—we have the inside edge on both. After your purchase, ask us to recommend fully-vetted service specialists or about how you can care for your home. Further down the road, should you ever want to sell, we'll be your trusted advisors. You'll always have our numbers, and we'll always be ready to spring into action; just say the word!

# Visualize Your Dream Buying Scenario

Your needs drive how and when we find your next home. From this day forward, everything we do will be motivated by your goals and how you imagine your life taking place in your new home. Once we get an understanding of where you see yourself, finding your dream home will move quickly, and with minimal interruption to your daily life.

## **ASK YOURSELF....**

Imagine your dream home buying scenario....

*What's the one thing that has to happen to make that dream scenario a reality?*

*How can we make that happen for you?*

*Why is that important to you?*

*If we could add just one more thing to make this process even better, what would it be?*

*Why is that important to you?*

## **WHEN IS THE BEST TIME TO BUY?**

There's only one right answer: When you find a home that you love. Inventory and economy will wax and wane, but when you find a house you can see yourself in, the timing is just right.

. . . . .  
. . . . .  
. . . . .

# Build Your Preference Profile

## THE BASICS

*Have you considered who my main contact will be?*

*What timeline would you like to strive for?*

*Have you looked into getting preapproved for a home loan?*

*Have you thought about the price range you'd be comfortable with?*

*If we found a home today that checked all of your boxes, could you see yourself making a move sooner rather than later?*

## THE WHAT, THE WHEN, THE HOW

Let's talk about the best way to get in touch.

*What is your favorite way to receive information or updates?*

SELECT ALL THAT APPLY

**Email**

**Call**

**Text**

*As updates arise, how often do you prefer to be notified?*

SELECT ALL THAT APPLY

**In a few hours**

**That day**

**Every few days**

*What is the best time to reach you?*

SELECT ALL THAT APPLY

**Morning**

**Noon**

**Afternoon**

**Evening**

**Anytime**

# The Process

## 1 PARTNER WITH A LOCAL AGENT (#TalbotTeam)

- Absorb their local insight
- Get to know neighborhood inventory levels
- See what's about to hit the market
- Gain access to off-market properties
- Review market averages
- Complete needs assessment

## 2 GET PRE-APPROVED FOR A LOAN

- Read our Guide to Choosing Your Lender
- Understand what you can afford
- Determine your monthly mortgage payment
- Understand your debt ratio  
Prepare for escrow
- Obtain a pre-approval letter

## 3 FIND YOUR NEW HOME

- Compare home and neighborhood averages, then narrow down the neighborhoods you want to live in
- Favorite homes and save them to collections, share them with your partner (or family or friends!) and with us
- Nix homes that don't meet the mark
- Schedule home tours and plan an itinerary with your agent
- Decide on your dream home!

## 4 MAKE YOUR OFFER AND NEGOTIATE YOUR TERMS

- Write your "love letter" to the sellers
- Review contract terms and time limit for offer
- Decide on purchase price and terms.
- Shop home insurance options
- Have your earnest money deposit
- Choose a target closing date
- Sign the offer
- Deliver escrow check
- Stay in close contact with your agent

## 5 UNDER CONTRACT

- Secure a home loan
- Acquire home insurance and send proof to your lender
- Schedule home inspection if applicable.
- Order an appraisal (your lender will do this)
- Neutralize any contingencies.
- Schedule your closing
- Solidify both contract effective and allowable move-in dates
- Certify funds for closing
- Stay in close contact with us and we'll walk you through every step of the way

# The Process

## 6 BEFORE YOU CLOSE

- Reserve a moving company and set a moving date
- Change your address through USPS, your bank, and other instances
- Set up your utilities to be activated or transferred
- Confirm that all contingencies are resolved
- Schedule the final property walk-through
- Designate a safe, dedicated space to save your final paperwork
- Stay in close contact with your agent, lender, and title company

## 7 SIGNING DAY

- Wire your "cash to close" funds. You'll need to cover the cost of closing and the down payment
- Government-issued Photo ID(s)
- Social Security Number
- Home addresses from the last 10 years
- Proof of Homeowner's Insurance

## 8 CLOSING DAY

- Title & Escrow transfers title
- Save your paperwork in your predesignated spot
- Get your keys and pop a bottle!
- Congrats, it's all yours!
- Schedule home tours and plan an itinerary with your agent



# The Pre-Approval Process

## FINDING THE RIGHT LENDER

If you're looking to buy a home in the next 6-12 months, it's important to start thinking about choosing a lender and getting a pre-approval letter. This way, you'll be ready to write an offer if you walk into your dream home tomorrow. Here is the quick and dirty low-down on how to choose a lender that will save you the most money and ensure your offer is competitive!

*If you're already working with someone, we are also thrilled to connect with them and of course, work with them to support you through the offer process.*

**CitiBank** and **Bank of America** are very competitive portfolio lenders. These lenders are better for those making higher-end purchase, when you get into \*jumbo loan territory. Portfolio lenders are better for higher-earners (\$150–200k), who have good credit and a better down-payment (25–30%).

Pros:

- Very competitive interest rates
- Potential opportunities for relationship discounts
- If you can make up for the difference if the appraisal comes in low, the lower interest rate could save you a lot of money

Cons:

- These banks have a more of a bureaucratic process, and a worse reputation in the real estate community in general.
- This may play a factor in how competitive your offer is IF you have a lower down payment.
- Less controlled approach to appraisals, which is the biggest competitive hurdle in an offer.

**First Republic Bank** has the **Eagle Community Loan Program**, which is virtually unbeatable in terms of interest rate.

Who qualifies? Those interested in homes in low to moderate income census track neighborhoods, which varies by address. There are some sections of North Oakland, West Oakland, East Oakland below the 580, and a lot of Richmond neighborhoods that qualify. This loan usually requires a 20% down payment, but the interest rate is very low for a 30-year-fix loan. There is usually about a \$7,000 closing cost credit as well.

*Not sure which option is the best for your financial situation? Want to get connected to one of our preferred local lenders? That's where we come in. We'll talk you through it and connect you to a lender that will keep your offer competitive and give you the best interest rate possible.*

\*\*Jumbo Loan—Above 765,000

\*\*Conventional loan: Below 765,600

# Financing Your Future Home

## HOME LOANS AT A GLANCE

- Get pre-approved for your loan
- Apply for your home loan once your offer gets accepted
- Get your home appraised
- Your loan goes through underwriting
- You're clear to close escrow!



## HAVE ON HAND:

- 1-2 month's worth of your most recent pay stubs
- Copies of your last two years' federal tax returns and W-2s
- The names and addresses of your employers over the last two years, compiled into one list
- Last three months of bank statements
- A copy of your real estate agreement
- The names and addresses of your landlords over the past two years
- Divorce/Separation decree
- Child support papers
- Bankruptcy, discharge of bankruptcy papers

## DO

- Notify your lender of any address change, whether it's your home address or another listed on your application
- Notify your lender of any salary or wage changes
- Be prepared to provide proof of significant bank deposits
- Acquire homeowner's insurance immediately after going under contract
- Keep all forms of debt paid and in check

## DO NOT

- Make large purchases using existing credit without first talking to your lender
- Apply for or acquire any additional lines of credit
- Pay off, transfer, or close credit balances unless your lender instructs you to do so
- Change jobs without first talking to your lender
- Co-sign for another person seeking to obtain a line of credit or to make a purchase
- Pay off collections before conferring with your lender

# Build Your Preference Profile

## YOUR HOME WISH LIST

*Who will be living in this home? List adults, children, and pets that will inhabit the space.*

*Beyond your top five needs, what else do you really want in your next home?*

*Do you have a preference for the year the house was built?*

*Do you want a house in move-in condition or are you willing to do some work on it?*

*When people visit your home, what do you want it to say about you?*

*Are there any specific features that would make your next house feel instantly like home?*

*Will you require any accessibility options?*

## LIST YOUR TOP FIVE NON-NEGOTIABLES

**1**

**2**

**3**

**4**

**5**

# Build Your Preference Profile

## YOUR HOME WISH LIST

### Exterior

*What type of home are you looking for (e.g., single-family, condo, town house, etc.)?*

*Approximately what square footage would adequately cover your living space?*

*How many stories would you prefer?*

*What lot size are you Looking for?*

*What architectural styles are you drawn to?*

*What type of exterior siding appeals to you?*

*Do you want a porch, deck, or both?*

*What are you looking for in terms of a garage (e.g., attached, carport, etc.)?*

*What type of driveway or vehicle entrance/exit will you require?*

*Are you looking for any structures such as a greenhouse or shed?*

*Do you need special outdoor arrangements for pets? [a dog run, fenced-in yard, etc.]*

*What other exterior features are important to you?*

# Build Your Preference Profile

## YOUR HOME WISH LIST

### Interior

*What style do you envision for the interior of your home (e.g., formal, casual, cozy, traditional, minimalist, modern, etc.)?*

*What kind of floor plan do you prefer (e.g., open vs. walls or divided living spaces)?*

*In general, what are your preferences for the interior?*

### Bathrooms

*How many bathrooms do you need?*

*What are your needs for each of the bathrooms?*

### Bedrooms

*How many bedrooms do you need?*

*How will each of those rooms be used?*

*What are your preferences for the master bedroom?*

### Kitchen

*What are your general preferences for the kitchen?*

*What features must your kitchen have (breakfast nook, types of appliances, etc.)?*

*What finishes do you like (e.g., countertops, flooring, cupboards, sink, appliances, etc.)?*

# Build Your Preference Profile

## YOUR HOME WISH LIST

### **Living Room/Family Room**

*What are your general preferences for your living and family room(s)?*

*What size room(s) do you have in mind?*

*Do you prefer your living and family room(s) to be separate and intended for different purposes?*

*Do you want a fireplace?*

*What other living areas are you looking for? [e.g., playroom for children, studio, mud room]*

*What else do you see for living areas?*

### **Dining Room**

*Would you like the dining room to be part of the kitchen configuration?*

*What about the living room - how should it be situated with regard to the dining room?*

# Build Your Preference Profile

## **YOUR NEIGHBORHOOD PREFERENCE**

*What neighborhoods or areas would you enjoy living in?*

*Are there any specific streets or characteristics in these neighborhoods you're drawn to?*

*If applicable, what school districts do you prefer?*

*Where do you work? Would you like to be close to public transportation?*

*Where are your favorite places to shop? What other conveniences would you like nearby?*

*What do you like to do for fun? Are there any recreational facilities that you enjoy?*

*Any other considerations we should be aware of as we find your ideal neighborhood?*

# Build Your Preference Profile

## YOUR NEIGHBORHOOD PREFERENCE



Your neighborhood is an extension of your home.

Neighbors, surroundings, and access to everyday things can and should factor into your decision.

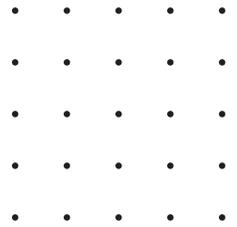
Based on the preferences you share, we will pull real time stats and insights to compare a few areas.

Once we narrow down the neighborhoods you're most interested in, we'll send you information on homes that look like a good fit.

Always remember that you can search, save, and Organize your favorites on RealScout.

### Check out:

[www.visitoakland.com/things-todo/neighborhoods/](http://www.visitoakland.com/things-todo/neighborhoods/) for a great neighborhood guide and let us know if you'd like a neighborhood tour!



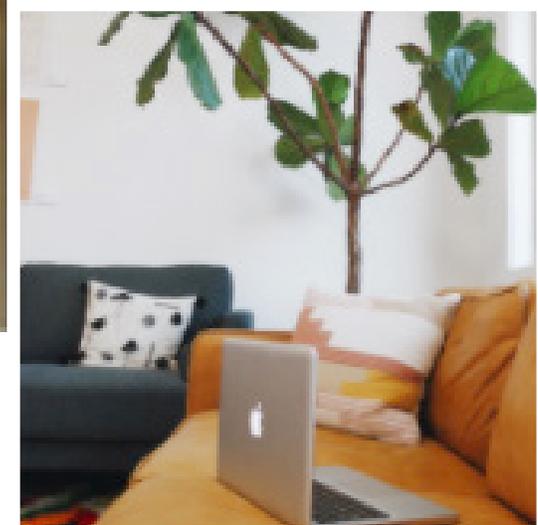
# Searching Smart

## TECHNOLOGY AND TOOLS

Once we start working together, we will discuss your preferences and create a plan get you into a home you love that's within your price range and in your desired time frame. We search the MLS regularly to keep up to date with new listings that come on the market. We also have access to Top Agent Network, where we monitor pre-market and off-market listings posted by real estate agents who produce within the top 10% of all Bay Area realtors.

We'll set you up with an account on **RealScout**, an interactive real estate database that connect directly to the MLS. It is much more reliable than Zillow, Trulia, or even Redfin. With RealScout, you can search for specific property features and receive a morning email with new matches. You can also leave notes that we can see and respond to.

In addition, we will forward you our weekly Sunday Open House guide so you can take the search into your own hands and find the home matches your criteria. Once you have a list of homes you're interested in, we will schedule a property tour. Searching for houses on Real Scout and checking out the Sunday Open House Guide are great ways for you to stay engaged and excited throughout the home search process.



# Safe Showing Guidelines

COVID-19 has forced us to change the way we live our lives, and certainly the way we show properties. Gone are the days of Open Houses and randomly popping into homes for sale in the middle of a property tour. We are now only showing homes to committed and qualified buyers.

Before setting up a property tour, we ask that buyers watch virtual tours if available and do a "drive by" of the home if possible. All tours must be scheduled in advance and spaced out now. We must abide by the following social distancing guidelines and country regulations:

- All parties entering the home must sign a COVID-19 Release form (Property Entrance Advisory & Declaration) prior to physical showings
- All visitors MUST disclose whether anyone is showing symptoms before any showings
- We must limit showings to no more than two people from the same household
- We will wear masks and abide by social distancing guidelines, including remaining at least 6 feet apart throughout the tour
- We will arrive early to walk through the home, turn on all lights, and open all doors
- We will discuss the property and answer any questions outside of the home
- If you want to write an offer, we will schedule a Zoom call to discuss price and terms
- We will send all offer documentation to sign through DocuSign

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# Property Tour Guide

## TOP QUESTIONS TO CONSIDER AS YOU TOUR

**Address:**

### QUESTIONS

### NOTES

- **Gut Check:** What do you love about the home? What are you not so sure about? How long could you see yourself living in the home?
- **Curb Appeal:** How does the house look from outside? What about the neighbors' houses?
- **Get Oriented:** Which direction does the home face? Does the living room get enough sunlight? What about the office? Backyard?
- **Keep a Record:** Take pictures and even do your own video tour as you walk through the house. Bring your tape measure and take measurements.
- **Home Improvements:** What renovations might you want to take on? Take note and look up costs later. *How much maintenance does this property require?*
- **Home Features:** Does it have features that are desirable for resale? Does it check all your boxes? If not, what's missing?
- **Neighborhood:** Pay attention to your surroundings as you drive to/away from the home. How far will your drive to work be? What is important to have nearby?
- **Questions:** What other questions about the home and neighborhood to ask us later!

# Constructing A Winning Offer

## ELEMENTS OF A CONTRACT

In our competitive East Bay market, it is common to pay a considerable amount over the asking price. Pricing a home low will create a multiple offer scenario that heavily favors the seller. It is not uncommon to offer between 5-20% over the list price. While price is a large factor in the offer, terms can be just as important, and occasionally more important, to the seller. It all comes down to the seller's motivation. Most listing agents set an offer date for about two weeks after a house comes on the market. It's crucial that we make ourselves as prepared as possible for the day the offer is due. The two most important elements of an offer are the purchase **PRICE** and **TERMS** of the contract. When it comes to writing your offer, we'll work through the following decisions together, providing our recommendation based on market conditions, recent comparable sold properties, and more.

Your **purchase price** is the amount you are willing to offer for the home. We will run an analysis of comparable properties (comps) to determine a good recommendation for an offer price. We will also give our opinion of what we think the house will sell for based on the number of expected offers and the condition of the property. Ultimately, it will be up to you to determine what purchase price you are comfortable with offering. Terms are the conditions, protections, and timelines that are interwoven throughout the contract. They give the offer strength and weakness. They also give the buyer the ability to back out if they are uncomfortable or unable to purchase the home.

## COMMON TERMS IN AN OFFER:

- **Escrow period:** This is the period of time during which the transfer of the property will take place. Many sellers prefer a short escrow period. I'll discuss escrow a bit further later on.
- **Earnest Money Deposit:** This is the amount of money you will deposit upon opening escrow. Typically, this is 3% of the purchase price.
- **Down Payment:** This is the amount of money you are putting down to purchase the house.
- **Loan/All Cash:** An all cash offer is favorable over a loan because there is no appraisal required. If you're using a loan to purchase a home, this is where the importance of the lender really comes into play.
- **Inspection contingency:** This is a condition of the contract that allows you to cancel or negotiate if you find any property conditions that have not been reported. It's important for you to know that you can back out at any time during this period.
- **Loan/Appraisal Contingency:** The loan and appraisal contingency is built into the contract to make sure that the loan can be obtained from the lender and that the house appraises to the offer price. If the house is valued below what you are willing to offer, there may be a need to negotiate with the seller. In an ideal situation, both of these contingencies are easily removed.
- **The Counter Offer:** It is common for a seller to counter our initial offer or even counter more than one offer. In each case, they are asking for a better price or terms.

# Buyer Offer Worksheet

	Sample	Your Decision	Agent Rec
<b>OFFER PRICE</b>	\$900,000		
<b>DOWN PAYMENT</b>	20% Down		
<b>INITIAL DEPOSIT</b>	3%		
<b>EXPIRATION OF OFFER</b>	1-3 Days		
<b>INSPECTION CONT.</b>	Yes/No 0-14 Days		
<b>LOAN CONTINGENCY</b>	Yes/No 0-14 Days		
<b>APPRAISAL CONT. (ADDENDUM)</b>	Yes/No 0-14 Days		
<b>HOME WARRANTY</b>	Yes/No Approx \$475/ Yr		

**\*Ask us about our "Accepted Offer Checklist!"**

# Sample Calendar to Close

## **FEBRUARY**

**20th**

### **CONTRACT RATIFIED**

Woohoo! Congratulations!

**25th**

### **EARNEST MONEY DEPOSIT DUE**

Instructions will be emailed by your Title and Escrow Officer. Confirm wire instructions before wiring and confirm receipt after wire is complete.

**26th**

### **PROPERTY TOUR**

We will schedule a property tour so you can see your soon-to-be home!

**26th**

### **INSPECTION CONTINGENCY REMOVAL**

Home inspections: payment is due before or at time of service. You can pay online beforehand or day-of with a credit card or personal check. Report will be delivered within 24 hours by inspector.

## **MARCH**

**5th**

### **APPRAISAL CONTINGENCY REMOVAL**

The lender will order an appraisal on the property. If it appraises at or above sale price, nothing further needs to be done. If it is under appraisal we will enter a negotiation period.

**5th**

### **FINANCING CONTINGENCY REMOVAL**

You will need to provide all documents to the lender ASAP so your loan can be approved on or before this date.

**10th**

### **TRANSFER UTILITIES**

Schedule to have all utilities (water, gas, electric, cable) switched over to your name on closing day.

**22nd**

### **FINAL WALK THROUGH**

We will walk-through the property a few days before to ensure property is in the same condition as it was at home inspection.

**24th**

### **CLOSING DAY!**

You will need a certified check or have money wired for down payment and closing costs. Amount to be provided by lender prior to closing. Please bring a checkbook in case there are any last minute discrepancies or expenses as well as your Driver's license.

# Our Promise

- To serve the community as a leader in the real estate industry and as a friend and neighbor.
- To always do the right thing, even if it isn't what is easiest.
- To take care of your needs at the highest level through unparalleled professionalism and attention to detail. No request is too small.
- To serve as a trusted local experts and advisers by your side.
- To consistently and clearly communicate with you in the manner and frequency that you prefer.
- To treat you and your family with straightforwardness, integrity, and respect at all times.
- To answer your questions, ease your concerns, reduce your stress, and expertly handle the entire real estate transaction.
- To share all information with you about your transaction...even if it is information we think you may not want to hear.
- To hold ourselves accountable to finding the perfect home for you - after all, that is what our business is built on.
- And to always offer to go above, beyond, and UNDER your house for you.



## The Bottom Line

Real estate is complicated. That's where we come in.

At the closing table, our goal is for you to feel that the experience of buying your home exceeded all your expectations, so throughout all of our interactions—from starting your home search to closing escrow—we will work hard to achieve that goal. When you choose us as your partners you are not just getting trusted, respected agents—you are getting local experts who are passionate about serving our community and those who call it home.

**Let's get started!**

—Jade and Paul

# Client Testimonials

"From the time we first met with Paul to the closing of escrow was 7 weeks. He was focused on our needs. It amazed me at how quick and efficient he was in talking to the seller's realtor, viewing the property, and making an offer in our best interest! Paul knew what he was doing and provided honest answers to our questions. It was apparent from the start that Paul was interested in what we wanted! I would use Paul again and will recommend him to others."

—Katie, Client since 2014

"I went through 4 different realtors and each of them were either too busy or too inexperienced. Paul was not just a perfect balance by being available and experienced, but excelled in meeting my schedule's needs for a fast close, having extremely detailed knowledge of house construction, and guiding me confidently and patiently through the negotiations and closing processes."

—James M.

"As first time home-buyers, Paul was the perfect agent to work with. He's incredibly patient informative, and taught us everything we know about what it means to buy a home. Paul is an honest person, and never sugarcoated the East Bay housing market. He was incredibly flexible with his schedule and was always willing to work with meeting us on the weekends or after work. Having an agent you can rely on and trust made both of us feel so much more prepared to make the quick and tough decisions that are required to get into contract with a house."

—David K.

"Paul and Jade helped us buy our first home! They were supportive, attentive, and wonderful throughout the process. Often going above and beyond, they also introduced us to an entire team of folks to get us the best insurance rate, interest rate etc etc. After the purchase they took us out to a nice dinner. We are proud to call them friends! Highly recommend."

—Vanessa P.

"Paul helped us buy our first home and was an incredible help. Not only is he very knowledgeable about the market and the process of buying, but he's familiar with construction and can point out issues we may not have noticed. He's done his own remodel work too and has a good idea about prices of various upgrades. I had tons of questions and Paul was always available and did a great job negotiating with the seller. He also made the house hunting part really fun! I would absolutely use him again."

"I went through 4 different realtors and each of them were either too busy or too inexperienced. Paul was not just a perfect balance by being available and experienced, but excelled in meeting my schedule's needs for a fast close, having extremely detailed knowledge of house construction, and guiding me confidently and patiently through the negotiations and closing processes."

—Kristen F.

"This was my first home buying experience (my husband's second) and Paul walked us through each step. He was always available and quick to respond to anything we needed. His knowledge of construction really helped with all of our extensive questions. He was consistently honest with us, and also flexible in helping get exactly what we wanted out of our home buying deal. The last huge positive that I will mention is his extensive network of people connected to the home buying experience- mortgage lenders, contractors, home insurance brokers. This really helped simplify the process because Paul was basically a one stop shop for recommendations for any service that we needed. Oh and one more positive: Paul is extremely patient and easy to talk to. Really made this a pleasant experience."

—Jill M.

"Paul was extremely accommodating, especially since we were buying our first home, ever, and were extremely neurotic and had no idea what we were doing. He helped us get exactly what we needed, and also what we wanted, which we never even expected to find. He provided us with great recommendations for our future renovations and the closing process was incredibly painless."

—Tessa V.

# Glossary

## **Annual Household Income**

Collective income from everyone in your household before taxes or other deductions are taken, investment income or dividends, Social Security benefits, alimony, and retirement fund Withdrawals.

## **APR**

APR refers to the annual percentage rate, which is the interest rate you'll pay expressed as a yearly rate averaged over the full term of the loan. APR includes lender fees in the rate, so it's usually higher than your mortgage interest rate.

## **Appraisal**

A written justification of the price paid for a property, primarily based on an analysis of comparable sales of similar homes nearby.

## **Appraised Value**

An opinion of a property's fair market value, based on an appraiser's knowledge, experience, and analysis of the property. Since an appraisal is based primarily on comparable sales, and the most recent sale is the one on the property in question, the appraisal usually comes out at the purchase price.

## **Closing Costs**

Generally 2 to 5 percent of the purchase price include lender fees, recording fees, transfer taxes, third-party fees such as title insurance, and prepaids and escrows such as homeowner's insurance, property taxes, and HOA fees.

## **Closing Disclosure**

A document that provides an itemized listing of the funds that were paid or disbursed at closing.

## **Deed**

The legal document conveying title to a property.

## **Down Payment**

A cash payment of a percentage of the sales price of the home that buyers pay at closing. Different lenders and loan programs require various down payment amounts such as 3 percent, 5 percent, or 20 percent of the purchase price.

## **Earnest Money Deposit**

Also known as an escrow deposit, earnest money is a dollar amount buyers put into an escrow account after a seller accepts their offer. Buyers do this to show the seller that they're entering a real estate transaction in good faith.

## **Encumbrance**

Anything that affects or limits the fee simple title to a property, such as mortgages, leases, easements, or restrictions.

## **Equity**

A homeowner's financial interest in a property. Equity is the difference between the fair market value of the property and the amount still owed on its mortgage and other liens.

## **Escrow**

Putting something of value, like a deed or money, in the custody of a neutral third party until certain Conditions are met.

# Glossary

## **Homeowners Association Fee (HOA)**

A fee required when you buy a home located within a community with an HOA that typically pays for maintenance and improvements of common areas and may include the use of amenities.

## **Homeowner's Insurance**

Insurance that provides you with property and liability protection for your property and family from damages from a natural disaster or accident. Lenders usually require borrowers to buy homeowner's Insurance.

## **Home Warranty**

A contract between a homeowner and a home warranty company that provides for discounted repair and replacement service on a home's major components, such as the furnace, air conditioning, plumbing, and electrical systems.

## **Lender Fees**

Part of the closing costs of a home purchase and may include an application fee, attorney fees, and recording fees. The lender's underwriting or origination fee is usually 1 percent of the loan amount.

## **Loan Types**

Mortgages have different terms ranging from 10 to 30 years and are available with fixed or adjustable interest rates. Your lender can discuss down payment, insurance, credit requirements, and other specifics of various loan types.

## **Prepays**

Prepays are expenses paid at the closing for bills that are not technically due yet, such as property taxes, homeowner's insurance, mortgage insurance, and HOA fees.

## **Monthly Debt**

The minimum payment on credit card debt; auto, student, and personal loan payments; and alimony or child support. Rent or mortgage for a property that you will pay after your home purchase must also be included.

## **Mortgage**

A loan from a bank, credit union, or other financial institution that relies on real estate for collateral. The bank provides money to buy the property, and the borrower agrees to monthly payments until the loan is fully repaid.

## **Mortgage Insurance**

Insurance that protects the lender and repays part of the loan if the borrower defaults and the loan can't be fully repaid by a foreclosure sale. Usually required on loans with less than a 20 percent down payment.

## **Property Taxes**

Typically imposed by local governments on real property including residential real estate. The tax rate can change annually, and the assessed value of your property is usually recalculated Annually.

## **Third-Party Fees**

Any closing costs charged by someone other than your lender, typically including fees for an appraisal, a property survey, a title search, owner's and lender's title insurance, and sometimes an attorney.

# Notes

# Notes

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# Here's how to get in touch.



**Paul Talbot**

510.926.6851

Paul@TalbotTeam.com

CaDRE#01940563



**Katie Hennessey**

510.282.2458

Katie@TalbotTeam.com

CaDRE#02085446



**Jade Talbot**

510-926-4566

Jade@TalbotTeam.com

CaDRE#02109334



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