

SACRAMENTO

HOME BUYERS GUIDE



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01

Introduction

Why Buy a Home in Sacramento?

Welcome to "Sacramento: Home Buyers Guide," your essential resource for discovering the perfect home in the vibrant city of Sacramento, California. As the state capital and the sixth-largest city in California, Sacramento offers a unique blend of history, culture, and modern living that attracts homebuyers from all walks of life. As you embark on your home-buying journey, our guide aims to provide you with valuable insights and practical advice, enabling you to navigate the Sacramento real estate market with confidence and ease.

Why buy a home in Sacramento, California? The answer lies in the multitude of qualities that make this city an exceptional place to live. Sacramento boasts a thriving economy, diverse neighborhoods, and a strong sense of community, all while being surrounded by breathtaking natural beauty. With its rich history, flourishing arts scene, and a wide array of recreational opportunities, Sacramento offers an unparalleled quality of life for residents of all ages and backgrounds.

Dive into the pages of this resourceful guide and equip yourself with the knowledge and tools to make confident, well-informed decisions in your pursuit of the perfect property.

Benefits of Owning a Home

Owning a home is a dream for many Americans, and for good reason. Homeownership offers numerous benefits that can improve your quality of life and financial stability. In this subchapter, we will explore the benefits of owning a home and why it may be the right choice for you.

Stability and Security

Owning a home provides stability and security for you and your family. Unlike renting, you don't have to worry about your landlord raising your rent, selling the property, or deciding not to renew your lease. When you own your home, you have the freedom to make it your own and create a sense of permanency.

Investment

Owning a home is a significant investment that can pay off in the long run. As you pay down your mortgage, you build equity in your property, which can be used to finance other investments or serve as a safety net during hard times. Historically, real estate has appreciated in value over time, and owning a home can be an excellent way to build wealth.

Tax Benefits

Homeownership comes with various tax benefits, including deductions for mortgage interest, property taxes, and even energy-efficient upgrades. These deductions can reduce your tax liability, allowing you to keep more of your hard-earned money.

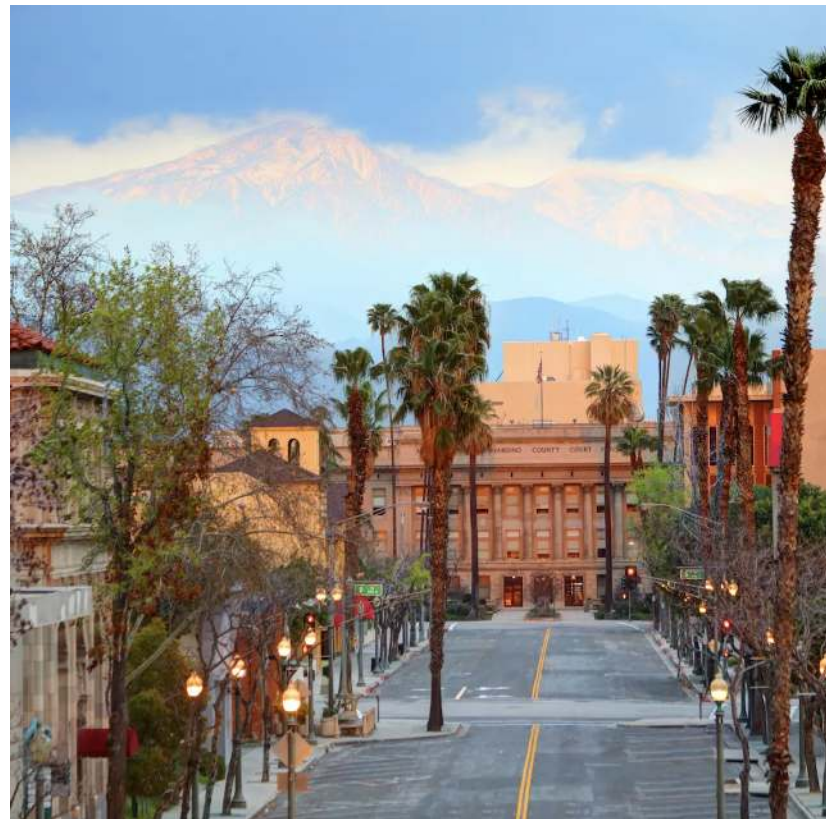
Sense of Community

Owning a home can provide a sense of community that is hard to replicate when renting. You become invested in the area, and your neighbors become more than just people you share a building with. You may find yourself volunteering for community events, supporting local businesses, and building relationships that last a lifetime.

Freedom and Control

Owning a home gives you the freedom to make changes to your property to suit your needs and tastes. You can renovate, decorate, and landscape to your heart's content, without worrying about breaking any landlord rules. You have complete control over your home and the decisions that impact it.

In conclusion, owning a home offers numerous benefits that can improve your quality of life and financial stability. If you are in the market for a home, consider the advantages of homeownership and see if it is the right choice for you.



Overview of the Home Buying Process

Buying a home can be an exciting and daunting experience, especially for first-time homebuyers. This chapter aims to provide an overview of the home buying process to give you a better understanding of what to expect when purchasing a home in Sacramento.

Step 1: Determine Your Budget

The first step in the home buying process is to determine your budget. This involves assessing your current financial situation, including your income, expenses, and debt. You should also consider your down payment and closing costs, as well as your ongoing monthly expenses such as mortgage payments, property taxes, and insurance.





Step 2: Get Pre-Approved for a Mortgage

Once you have determined your budget, the next step is to get pre-approved for a mortgage. This involves working with a lender to determine how much money you can borrow and at what interest rate. Pre-approval will help you narrow down your home search and give you a better idea of what you can afford.

Step 3: Find a Real Estate Agent

Working with a real estate agent can be a valuable asset in the home buying process. A local agent can provide you with valuable insights into the Sacramento real estate market and help you find the perfect home that fits your needs and budget.

Step 4: Search for Homes

With the help of your agent, you can start searching for homes that meet your criteria. You can also attend open houses and viewings to get a better sense of what is available in your desired neighbourhoods.

Step 5: Make an Offer

Once you have found a home you like, your agent can help you make an offer. This involves submitting a written offer to the seller that outlines the price you are willing to pay, any contingencies, and the closing date.



Step 6: Have the Home Inspected

Before closing on the home, it is important to have it inspected by a professional home inspector. This will help you identify any potential issues with the home and give you the opportunity to negotiate repairs or a lower price with the seller.

Step 7: Close on the Home

The final step in the home buying process is to close on the home. This involves signing the necessary paperwork, paying closing costs, and officially transferring ownership of the property.

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Financial Preparation

Budgeting for a Home Purchase

Purchasing a home is a significant financial decision. It is important to plan and budget accordingly. In this subchapter, we will discuss the key factors to consider when budgeting for a home purchase.

Down Payment

The down payment is the initial amount of money you need to pay when buying a home. It is usually a percentage of the total purchase price. The minimum down payment required varies depending on the type of mortgage and the lender. The standard down payment for a conventional mortgage is 20% of the purchase price. However, there are options for a lower down payment, such as 5% for a high-ratio mortgage.



Closing Costs

Closing costs are the fees associated with finalizing the sale of a home. These include legal fees, appraisal fees, home inspection fees, title insurance fees, and land transfer taxes. The closing costs are usually between 1.5% and 4% of the purchase price of the home.

Monthly Payments

When you purchase a home, you will have monthly mortgage payments. The amount of your monthly payments will depend on the purchase price of the home, the interest rate, and the term of the mortgage. It is important to calculate the monthly payments and ensure that they fit within your budget.



Maintenance and Repairs

Owning a home comes with maintenance and repair costs. You will need to budget for ongoing maintenance such as lawn care, snow removal, and cleaning. Additionally, unexpected repairs may arise, such as a leaky roof or a broken furnace. It is recommended to budget around 1% of the home's value annually for maintenance and repairs.

Property Taxes

Property taxes are calculated based on the assessed value of your home. The amount of property tax varies depending on the location of the home and the local tax rate. It is important to factor in property taxes when budgeting for a home purchase.

In conclusion, budgeting for a home purchase involves considering the down payment, closing costs, monthly payments, maintenance and repairs, and property taxes. It is important to budget carefully and ensure that you are comfortable with the total cost of homeownership. By doing so, you can make a sound financial decision and enjoy your new home with peace of mind.

Understanding Your Credit Score

Your credit score is one of the most important factors that lenders consider when deciding whether or not to approve your mortgage application. A good credit score can help you secure a lower interest rate, while a poor credit score can make it more difficult to get approved for a loan.

Your credit score is a numerical representation of your creditworthiness based on your credit history. It ranges from 300 to 900, with a higher score indicating better creditworthiness. Your credit score is calculated using several factors, including your payment history, credit utilization, length of credit history, types of credit, and recent credit inquiries.

Payment History

Your payment history is the most important factor in determining your credit score. It accounts for 35% of your credit score and reflects whether you have paid your bills on time. Late payments, missed payments, and defaulting on loans can all negatively impact your credit score.

How much you owe

Your outstanding debts, which include loans and credit card balances, contribute to 30% of your credit score. This calculation takes into account your overall debt balance, the variety and quantity of your accounts, as well as the ratio of your debt balance to your available credit.



Length of Credit History

The length of your credit history accounts for 15% of your credit score. Lenders like to see a long and consistent credit history, as it provides them with a better understanding of your creditworthiness over time.

Types of Credit

The types of credit you have also impact your credit score. Lenders like to see a mix of different types of credit, such as credit cards, loans, and a mortgage. This accounts for 10% of your credit score.

Recent Credit Inquiries

When you apply for credit, lenders will check your credit report, which results in a hard inquiry on your report. Too many hard inquiries can negatively impact your credit score. It accounts for 10% of your credit score.



Understanding your credit score is crucial when it comes to buying a home. By maintaining a good credit score, you can secure a lower interest rate and increase your chances of getting approved for a mortgage. Be sure to monitor your credit score regularly and make timely payments to maintain a good credit history.

Getting Pre-Approved for a Mortgage

One of the most important steps in the home buying process is getting pre-approved for a mortgage. This will give you an idea of how much you can afford to spend on a home, which will help you narrow down your search and avoid falling in love with a property that is out of your price range.

To get pre-approved for a mortgage, you will need to provide your lender with a variety of documents, including:

- Proof of income: This can include pay stubs, tax returns, and W-2 forms.
- Proof of assets: This can include bank statements, investment statements, and retirement account statements.
- Employment history: Your lender will want to see that you have a stable job history.
- Credit history: Your lender will run a credit check to see if you have a good credit score and a history of paying your bills on time.

Once you have provided all of the necessary documents, your lender will give you a pre-approval letter, which will state how much you are pre-approved to borrow. It is important to remember that this is not a guarantee that you will be approved for a mortgage, but it is a good indication of what you can afford.

When getting pre-approved for a mortgage, it is important to shop around and compare rates from different lenders. This will help you find the best deal and ensure that you are getting a fair rate.

It is also important to keep in mind that your pre-approval letter will have an expiration date, usually around 60-90 days. If you do not find a home within this time frame, you will need to get re-approved.

In summary, getting pre-approved for a mortgage is an important step in the home buying process. It will give you an idea of how much you can afford to spend on a home and help you narrow down your search. Be sure to provide all of the necessary documents and shop around for the best rates. Keep in mind that your pre-approval letter will have an expiration date and you will need to get re-approved if you do not find a home within this time frame.

Saving for a Down Payment

One of the most critical steps in buying a home is saving for a down payment. A down payment is the amount of money you pay upfront when purchasing a home. It is a crucial aspect of the home buying process as it determines the amount of money you will need to borrow and the interest rate you will receive on your mortgage.

In Sacramento the minimum down payment required to buy a home is 3% for conventional loans. However, it is recommended to save up to 20% of the purchase price to avoid paying for mortgage insurance. For example, if you are buying a home worth \$300,000, your minimum down payment will be \$15,000.

Saving for a down payment can be challenging, especially if you are a first-time homebuyer. However, with proper planning and dedication, you can achieve your goal. Here are some tips to help you save for a down payment:

1. Create a budget

Start by creating a budget and tracking your expenses. Determine your monthly income and expenses and identify areas where you can cut back on your spending.

2. Open a savings account

Open a separate savings account for your down payment and set up automatic transfers from your checking account.

3. Reduce your debt

Pay off your debt, including credit cards, car loans, and student loans, to free up more money for savings.

4. Increase your income

Consider taking on a part-time job or freelance work to earn extra income.

5. Take advantage of government programs

In Sacramento, there are various government programs that can help with the capital needed throughout the home buying process. Programs like CalHome First-Time Homebuyer Mortgage Assistance Program can help home buyers short on funds.

03

Making an Offer and Closing the Deal

Making an Offer on a Home

Making an offer on a home can be an exciting and nerve-wracking experience. It is the first step towards owning your dream home. However, it can also be a complicated process, especially if you are a first-time homebuyer. There are several factors to consider when making an offer, including the price of the home, the terms of the sale, and the conditions of the purchase.

The following are some tips on how to make an offer on a home:

1. Research the market: Before making an offer, it is essential to research the real estate market in Sacramento. You need to know the average price of homes in the area, as well as the current market conditions. This information will help you make an informed decision on how much to offer.

2. Determine your budget: It is crucial to determine your budget before making an offer. You should know how much you can afford to spend on a home, including the down payment and monthly mortgage payments. This will help you avoid making an offer that is beyond your financial capabilities.

3. Consult with your real estate agent: Your real estate agent can provide you with valuable advice on making an offer on a home. They can help you determine the fair market value of the property and provide you with information on the seller's motivations.

4. Make a competitive offer: If you are serious about buying a home, you need to make a competitive offer. This means offering a price that is in line with the fair market value of the property. Your real estate agent can help you determine what a competitive offer would be.



5. Include contingencies: Contingencies are conditions that must be met before the sale can be completed. These may include a home inspection contingency or a financing contingency. Including contingencies in your offer can protect you from potential risks.

6. Be flexible: It is essential to be flexible when making an offer on a home. The seller may have specific terms or conditions that they want to include in the sale. Being flexible can help you negotiate a deal that works for both you and the seller.

In conclusion, making an offer on a home can be a complicated process. However, by following these tips, you can make an informed decision and negotiate a deal that works for you. Remember to consult with your real estate agent, research the market, and be flexible in your negotiations. With patience and persistence, you can find your dream home in Sacramento.



Negotiating the Purchase Price

One of the most important steps in buying a home is negotiating the purchase price. This is the time when you have the opportunity to get the best deal possible and save thousands of dollars. Here are some tips that can help you negotiate the purchase price of your new home.

1. Do your research

Before you start negotiating, it's important to do your research. Find out what similar homes in the area are selling for and what the market trends are. This will give you an idea of what a fair price for the home should be.

2. Be prepared to walk away

If the seller is not willing to negotiate on the price, you need to be prepared to walk away. This can be difficult if you've fallen in love with the home, but it's important to remember that there are other homes out there and you don't want to overpay for a property.

3. Know your limits

Before you start negotiating, know your limits. Determine the maximum amount you're willing to pay for the home and stick to it. This will help you avoid overpaying for the property.

4. Use an experienced real estate agent

An experienced real estate agent can be a valuable asset when it comes to negotiating the purchase price of a home. They have the knowledge and expertise to help you get the best deal possible and can be a strong advocate for your interests.

5. Don't be afraid to ask for extras

In addition to negotiating the purchase price, you can also ask for extras such as closing costs, repairs, or appliances. These can add up to significant savings and can make the difference in your ability to afford the home.

Negotiating the purchase price can be a stressful and challenging process, but it's an important step in buying a home. By doing your research, knowing your limits, and working with an experienced real estate agent, you can get the best deal possible and save thousands of dollars.

Understanding the Purchase Agreement

The purchase agreement is a legal document that outlines the terms and conditions of the sale of a property. It is one of the most important documents in the home buying process, and it is important to understand its contents before signing.

The purchase agreement typically includes the following information:

Purchase Price: This is the agreed-upon price for the property. The purchase price may be subject to certain conditions, such as the completion of a home inspection or the resolution of any outstanding issues with the property.

Closing Date: This is the date on which the sale of the property will be completed. It is important to ensure that the closing date is mutually agreed upon by both the buyer and seller.

Deposit: This is the amount of money that the buyer will pay to the seller upon signing the purchase agreement. The deposit is typically held in trust by the seller's real estate brokerage until the closing date.

Conditions: The purchase agreement may include certain conditions that must be met before the sale can be completed. These conditions may include obtaining financing, completing a satisfactory home inspection, or resolving any outstanding issues with the property.

Inclusions and Exclusions: The purchase agreement may specify which items are included in the sale of the property (such as appliances or fixtures) and which items are excluded.

Title: The purchase agreement may include a clause stating that the seller will provide clear title to the property on the closing date.

It is important to carefully review the purchase agreement with your real estate agent and/or lawyer before signing. If there are any terms or conditions that are unclear or that you are uncomfortable with, it is important to ask for clarification or negotiate changes to the agreement.





In conclusion, the purchase agreement is a critical document in the home buying process. Understanding its contents and ensuring that all terms and conditions are clear and acceptable is essential to a successful home purchase.

Closing the Deal and Taking Possession

After months of searching, you finally found the perfect home in Sacramento. You've made an offer, and it's been accepted by the seller. Congratulations, you're almost a homeowner! But before you can pop the champagne, there are a few important steps you need to take to close the deal and take possession of your new home.



1. Get a Home Inspection

Before closing the deal, it's crucial to get a home inspection. A home inspector will thoroughly examine the property to identify any issues that could affect its value or safety. They'll check the roof, foundation, electrical system, plumbing, and more. If they uncover any major problems, you may be able to negotiate repairs or a lower price with the seller.

2. Secure Financing

Unless you're paying for the home in cash, you'll need to secure financing. This means getting pre-approved for a mortgage and working with a lender to finalize the loan. Make sure you understand the terms of the mortgage, including the interest rate, monthly payments, and any fees.

3. Review the Closing Disclosure

The Closing Disclosure is a document that outlines all the costs associated with the home purchase, including the mortgage, closing costs, and escrow fees. Review this document carefully to ensure that everything is accurate and that you understand all of the costs.

4. Close the Deal

On the day of closing, you'll meet with the seller, your real estate agent, and the closing agent to sign the paperwork and transfer ownership of the property. You'll need to bring a cashier's check or wire transfer for the down payment and closing costs. Once everything is signed and the funds have been transferred, you'll receive the keys to your new home!

5. Take Possession

Congratulations, you're officially a homeowner! But before you start moving in, there are a few things you need to do. Change the locks, set up utilities, and make sure everything is in working order. You may also want to have the carpets cleaned or paint the walls before moving in.

Closing the deal and taking possession of your new home can be a complicated process, but with the right team by your side, it can be a smooth and stress-free experience. We're here to guide you through every step of the home buying process and help you find the perfect home in Sacramento.

Simplify your home buying experience

Navigating the exciting world of Sacramento real estate can be a complex and challenging endeavor. That's why it's crucial to have an experienced professional by your side to guide you through the process. Enter Randall Watts—a top realtor in the Sacramento area, renowned for his dedication, knowledge, and expertise in helping homebuyers find their dream homes. With a reputation for delivering exceptional results, Randall has earned the trust of countless clients who appreciate his commitment to understanding their unique needs and preferences.

As a leading expert in the Sacramento real estate market, Randall Watts is passionate about helping you find the perfect property that meets your needs and exceeds your expectations. His intimate knowledge of the local market, combined with his unwavering commitment to his clients' success, has made Randall the go-to realtor for those seeking to make Sacramento their home.

Don't embark on your home search in Sacramento without the guidance of a true professional. Take the first step toward finding your dream home by scheduling a free, no-obligation consultation with Randall Watts. During this personalized session, Randall will listen to your unique preferences, assess your needs, and devise a customized plan to help you navigate the Sacramento real estate market with confidence.

-Randall Watts

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