

# BUYER'S GUIDE



The Step-by-Step Guide to Turning  
Your Home Search into  
Homeownership!



LOANSTAR

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# ABOUT US



Ricky Vasquez

REALTOR® / Loan Officer  
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At Loanstar Mortgage, we believe homeownership should be simple, stress-free, and tailored to your needs. With expert mortgage solutions and personalized guidance, we help you navigate the complexities of financing your dream home. Whether you're a first-time buyer, refinancing, or investing, we're committed to finding the best loan options for you. Your future starts with the right mortgage—let's build it together.

Let's

# Connect!



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search with me on  
Zenlist



# BENEFITS OF BUYING WITH ME

Buying a home is a major investment which is why it's important to work with trusted professionals that have the experience and knowledge to guide you through the complexities of home buying.



Real Estate Services



Mortgage Loan Services



FSBO Consultations

## What My Clients Get:

- ✓ Market Knowledge
- ✓ Collaborative Search
- ✓ Access To More Listings
- ✓ Top Rated Mobile App
- ✓ Top-Level Tech
- ✓ Skilled Negotiator
- ✓ Streamlined Communication
- ✓ Preferred Partner Contacts

# BENEFITS OF HOMEBUYING

1	<b>Stability &amp; Security</b> Unlike renting, homeownership offers the assurance of a stable housing situation without the risk of sudden rent increases or eviction.
2	<b>Equity</b> As you pay down your mortgage and your home's value appreciates over time, you accumulate equity, which can be tapped into through home equity loans or lines of credit, or realized when you sell the property.
3	<b>Appreciation Potential</b> Historically, real estate tends to appreciate over the long term. While there are no guarantees, homeownership offers the potential for your property to increase in value over time, allowing you to build wealth.
4	<b>Tax Savings</b> Homeownership comes with various tax advantages, including deductions for mortgage interest, property taxes, and certain closing costs. These deductions can result in significant savings come tax time.
5	<b>Community</b> Homeownership often fosters a stronger sense of community involvement and connection with neighbors. When you own your home, you're more likely to put down roots in a neighborhood, participate in local events, and develop relationships with those around you.

# THE PROCESS

# HOMEBUYING 101

Whether you're a first-time homebuyer or seasoned investor, the path to home ownership can be confusing.

**1 Meet With A Realtor**  
Discuss your budget, the type of home you're looking for, location & formalize your partnership by signing a Buyer Representation Agreement.

**2 Get Pre-Approved**  
Work with a mortgage broker to get pre-approved for a mortgage loan. Knowing what you can afford is critical to a successful home buying experience.

**3 Search & Tour**  
The fun part! Use Zenlist to search listings, save listing notes, send me tour requests for listings you want to see in person, & more!

**4 Submit An Offer**  
Prepare an offer based on the price & terms you choose. The seller may return with a counter-offer which you can accept, reject, or make another counter-offer.

**5 Contract**  
In most cases this provides you with a timeline to obtain financing & inspect the physical condition of the home.

**6 Final Details**  
Order the appraisal, conduct an inspection, & review terms with the lender. You'll finalize your loan, review documents, & discuss findings from the inspection.

**7 Escrow Process**  
The home is effectively held for you until closing. Escrow typically lasts 30-45 days

**8 Closing**  
The transfer of funds and ownership facilitated by an independent 3rd party. Typically a title company or an attorney.

**9 Home Ownership!**  
Congratulations, you're a homeowner!



# LET'S TALK NUMBERS

# BUDGET PLANNING

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Before starting your home search, it's important to establish a realistic budget. Begin by reviewing your finances and obtaining a pre-approval from a lender. Keep in mind that the amount you qualify to borrow may be higher than what comfortably fits your lifestyle. Focus on determining a monthly mortgage payment that aligns with your budget and leaves room for your other financial priorities.

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## **Step 1. Calculate your household's total monthly income**

- Including salaries, bonuses, commissions, investment income, or any other sources of revenue

## **Step 2. Calculate your monthly expenses**

- Including essentials like housing costs, groceries, utilities, transportation, insurance, healthcare, student loans, car loans and discretionary spending

## **Step 3. Determine your down payment**

- A larger down payment can lower your monthly mortgage payments and may help you qualify for a better interest rate

## **Step 4. Factor in closing costs and other expenses**

- Closing costs typically range from 2%-5% of the home's purchase price. Additionally, consider other expenses like property taxes, homeowner's insurance, homeowners association (HOA) fees, maintenance costs & other unexpected expenses

## **Step 5. Account for future goals**

- Ensure that your home buying budget aligns with your goals and allows you to maintain financial stability and flexibility

## INCOME

DATE	SOURCE	CATEGORY	AMOUNT
<b>TOTAL</b>			

## FIXED EXPENSES

DATE	CATEGORY	AMOUNT
<b>TOTAL</b>		

## FIXED EXPENSES

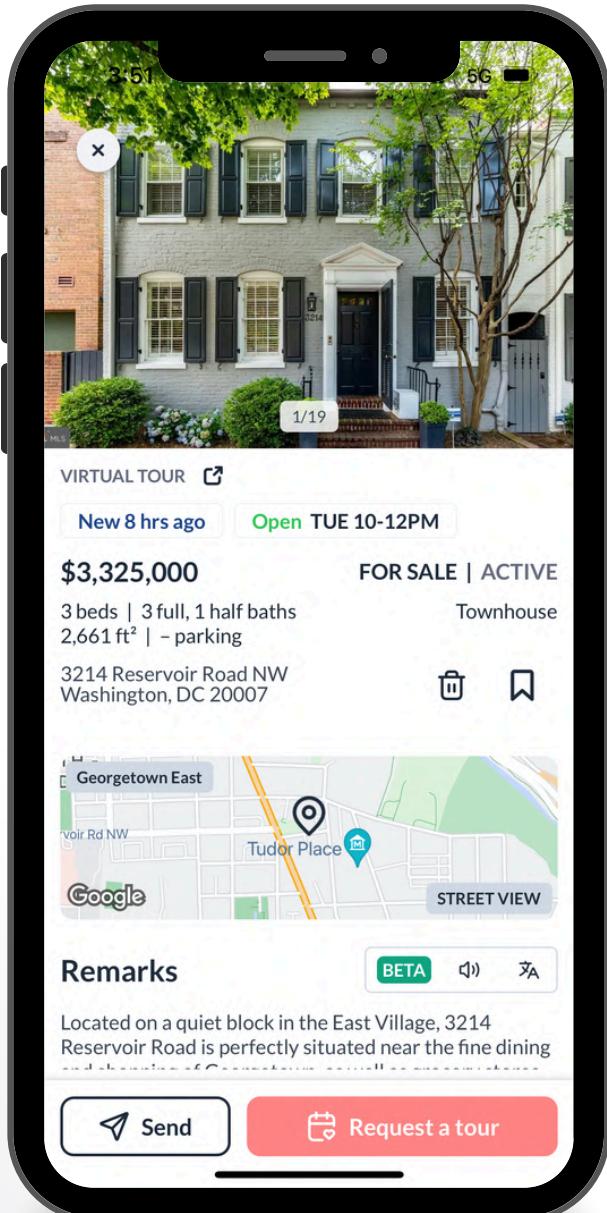
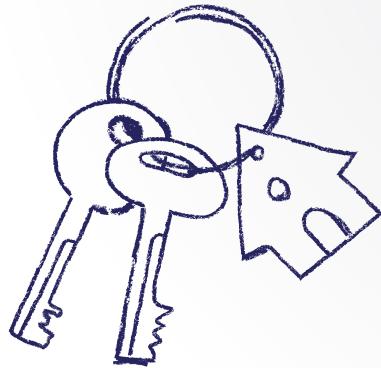
DATE	CATEGORY	AMOUNT
<b>TOTAL</b>		

## SOURCE

## AMOUNT

INCOME	
FIXED EXPENSES	
VARIABLE EXPENSES	
BALANCE	

# Search Criteria



## Start Your Home Search

Take a moment to think about what features are important to you and your co-buyer(s).

Use the questions on the following two pages to organize your search criteria & identify your ideal neighborhood. Based on your responses, I'll get you set up on an exclusive search portal with a custom search that matches your preferences.

# SEARCH CRITERIA

# HOME FEATURES

## BEDROOMS

How many bedrooms do you want?

- 1-2
- 3-4
- 5+

## BATHROOMS

How many bathrooms do you want?

- 1-1.5
- 1-2.5
- 3+

## SQUARE FOOTAGE

What size home are you looking for?

Provide a range below.

minimum

maximum

## LOT SIZE

What size lot are you looking for? Provide a range below.

minimum

maximum

## FLOOR PLAN

Do you have a preference on the floor plan?

- Traditional/closed
- Open
- No preference

## ARCHITECTURAL STYLE

Select your preferred architectural style.

- Colonial
- Ranch
- Victorian
- Split-level
- Cape
- Modern
- Other

## YEAR BUILT

Would you prefer an older home or new construction?

- Older home
- New construction
- No preference

## AMENITIES

Which amenities are important to you?  
(Select all that apply)

- Primary bedroom
- Patio/porch
- Storage
- Pool
- Office
- Fireplace
- Garage
- Other

# SEARCH CRITERIA

# NEIGHBORHOOD

## TYPE OF NEIGHBORHOOD

What type of neighborhood are you looking for?

- Urban: bustling city life
- Suburban: balanced urban and residential
- Rural: spacious countryside

## COMMUTE PREFERENCES

What is your preferred commute time to work?

- Less than 15 minutes
- 15-30 minutes
- Over 30 minutes

## SCHOOL QUALITY

How important is the quality of local schools?

- Very Important
- Somewhat Important
- Not a Priority

## COMMUNITY AMENITIES

Which amenities are important to you?  
(Select all that apply)

- Parks and green spaces
- Shopping centers/malls
- Restaurants and cafes
- Public transportation access
- Fitness centers or sports facilities

## TRANSPORTATION

Which transportation types are important for you to easily access?

- Highways
- Public Transportation
- Highly Walkable Areas

## NOISE LEVEL

Do you prefer a quiet neighborhood or don't mind some noise?

- Prefer quiet
- Don't mind noise
- Indifferent

## COMMUNITY ENGAGEMENT

How important is a sense of community and neighborhood events?

- Very Important
- Somewhat Important
- Not Important

## RECREATIONAL ACTIVITIES

Are cultural and recreational activities important to you?

- Yes, very much
- Somewhat
- Not much



# COMPENSATION STRUCTURE

## Real Estate Compensation Explained

In residential real estate, agent compensation is typically a percentage of the final sale price—most commonly a total of 5%, split between the buyer's agent and the seller's (listing) agent. For example, our compensation is 2.5%, which covers our services for representing you as the buyer. This fee is paid only when the transaction successfully closes—there is no upfront cost for agent representation.

The compensation for the buyer's agent (our side) is paid by the seller, not by the buyer. This amount is negotiated with the seller, usually as part of their listing agreement, and is offered to the buyer's agent as an incentive to bring qualified buyers.

The listing agent also receives a negotiated commission (commonly 2.5%), making the typical total agent compensation 5% of the sale price. How this is split and the total percentage is negotiable—while 2.5% per side is standard industry practice, different arrangements can be made based on market norms and individual negotiations.

### In summary:

- We earn 2.5% of the sale price, paid only at closing
- Our fee is paid by the seller
- The seller's agent and buyer's agent each earn about 2.5%, but the total commission (%) and split are negotiable
- No compensation is paid until the deal closes

This structure aligns incentives to deliver a successful result for both buyer and seller, and protects clients from upfront costs.

## PREVIOUS CLIENTS

# TESTIMONIALS



As a military family it's so nice working with a fellow veteran! Ricky was able to get our preapproval with the VA loan done quickly and easily. He was easy to work with and was so knowledgeable about the ins and outs of the VA loan process. We highly recommend Lonestar Mortgage!!

- *Emily Wright*

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Quick, fast, and very informal with everything we needed and step by step guidance. Thank you very much

- *Drake Huff*

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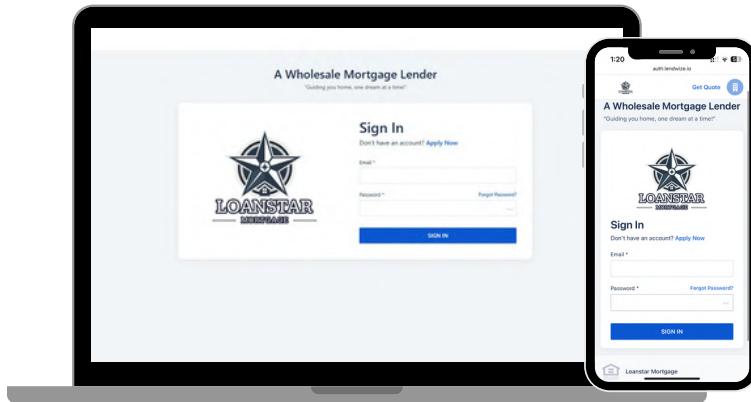


Easy and seamless transaction. I got a great rate and wonderful service. I totally recommend Loanstar Mortgage!

-*Beth Long*

DIGITAL PLATFORM FOR A STREAMLINED  
PROCESS

# GET PRE-APROVED



- ✓ Secure access to online pre-approval
- ✓ Receive real-time loan updates
- ✓ Easily upload documents and track progress
- ✓ Save important application notes
- ✓ Connect with your Loan team

# FIND YOUR DREAM HOME



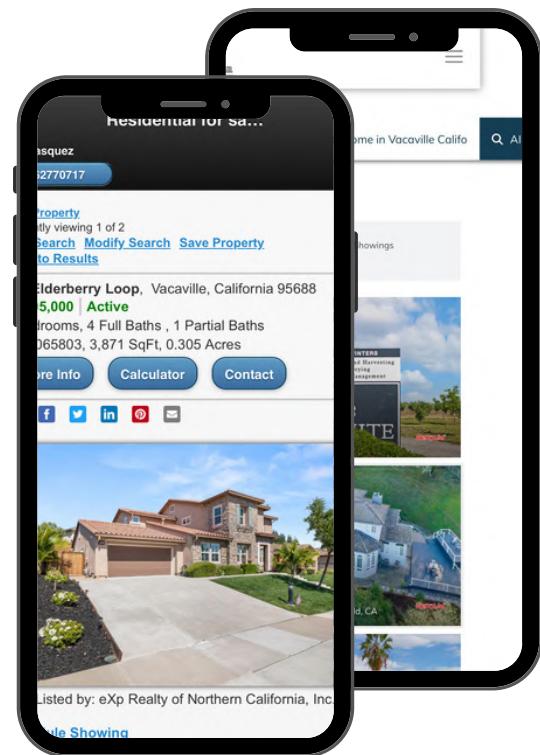
## Advanced MLS Level Search

Access MLS level searches on a modern platform at home or on the go with a top-rated mobile app. Control your search with advanced filters to create & save custom searches that match your exact criteria.



## Streamlined Communication

Chat & share listings with me & your co-buyer(s) in one convenient place keeping everyone connected and on the same page at all times.



Ricky Vasquez

REALTOR / LOAN OFFICER

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# THE LANGUAGE OF HOME OWNERSHIP

# REAL ESTATE TERMS

- **Adjustable-rate mortgage (ARM):** A mortgage loan with an interest rate that adjusts periodically based on market conditions, typically resulting in fluctuating monthly payments.
- **Annual Percentage Rate (APR):** The percent of interest that will be charged on a home loan.
- **Appraisal:** An assessment of the value of a property conducted by a licensed appraiser to determine its fair market value. Lenders typically require an appraisal to ensure that the property is worth the amount being financed.
- **Balloon mortgage:** A long-term mortgage loan that starts small but has a large payment due at maturity
- **Closing:** The final step in the real estate transaction, where the buyer and seller sign all necessary documents, funds are disbursed, and ownership of the property is transferred from the seller to the buyer.
- **Closing costs:** Fees and expenses associated with finalizing a real estate transaction, including loan origination fees, appraisal fees, title insurance, attorney fees, and other miscellaneous charges.
- **Contingency:** A condition that must be met for a real estate contract to be binding. Common contingencies include financing, appraisal, inspection, and the sale of the buyer's current home.
- **Deed:** A legal document that transfers ownership of real property from one party to another. It includes a description of the property, the names of the old and new owners, and any restrictions or encumbrances on the property.
- **Down payment:** The initial payment made by the buyer towards the purchase price of the home. It's typically a percentage of the total purchase price, with common percentages ranging from 3% to 20% or more.
- **Earnest money deposit:** A deposit made by the buyer to demonstrate their serious intent to purchase the property. It's typically held in escrow and applied towards the down payment or closing costs at closing.
- **Escrow:** A neutral third party (usually a title company or attorney) that holds funds and documents during the real estate transaction until all conditions of the sale are met, at which point they disburse the funds and transfer ownership.
- **Equity:** The difference in the market value of a home versus what is owed on the home.

# THE LANGUAGE OF HOME OWNERSHIP

# REAL ESTATE TERMS

**FHA:** A mortgage that is financed through a private lender and insured by the Federal Housing Administration, often requiring a lower down payment and income to qualify.

**Fixed-rate mortgage:** A mortgage loan with an interest rate that remains constant for the entire term of the loan, providing predictability and stability in monthly payments.

**HOA (Homeowners Association):** An organization that manages and maintains common areas and amenities within a planned community or condominium complex. Buyers should be aware of any HOA fees and rules associated with the property.

**Home inspection:** A thorough examination of a property's condition, conducted by a licensed home inspector, to identify any potential issues or defects. Buyers often include a home inspection contingency in their purchase contract.

**MLS (multiple listing service):** The national list of real estate properties that are available for sale.

**Mortgage note:** A promise to pay a sum of money at a standard interest rate during a specific term that is secured by a mortgage.

**Pre-approval:** A lender's conditional commitment to provide a homebuyer with a mortgage loan of a specific amount, based on the buyer's financial situation and creditworthiness.

**Principal:** The underlying amount of the loan which is actually borrowed.

**PMI (Private Mortgage Insurance):** Insurance that lenders require borrowers to purchase if they make a down payment of less than 20% of the home's purchase price. PMI protects the lender in case the borrower defaults on the loan.

**Title insurance:** Insurance that protects the buyer and lender against any defects in the title or ownership of the property. It ensures that the buyer has clear and marketable title to the property.

**Short sale:** A situation where the seller's lender is willing to accept an offer and allows the sale to be completed for an amount less than the mortgage amount owed by the seller.

**Underwriting:** The process in which the potential home buyer is evaluated for their financial ability to obtain and repay a loan. This normally consists of a credit check and appraisal of the property.

# THE LANGUAGE OF HOME OWNERSHIP

# HOME BUYER FAQ'S

## What is the first step to buying my first home?

The first step is to review your budget and credit, then speak with a lender to get pre-approved so you know your price range and loan options.

## How much should I save for a down payment as a first-time buyer?

Many first-time buyers put between 3% and 5% down, though saving more can lower your payment and may reduce or remove mortgage insurance.

## Are there special first-time homebuyer programs or down payment assistance options?

Many lenders, local governments, and housing agencies offer first-time buyer grants, forgivable loans, or reduced down payment programs based on income, location, or profession.

## What credit score do I need to buy my first home?

Minimum credit score requirements vary by loan type, but many first-time buyer programs start around the mid-600s, with stronger scores qualifying for better rates and terms.

## How long should I be at my job before applying as a first-time buyer?

Lenders typically like to see a two-year work history in the same field, though recent graduates or job changes within the same industry can often be acceptable with documentation.

## How is buying my first home different from renting?

Buying usually involves upfront costs, maintenance responsibilities, and a longer commitment, but it also builds equity and can offer more stability and potential tax benefits than renting.

## How do I choose the right lender as a first-time buyer?

Compare interest rates, fees, loan programs, and reviews, and look for a lender experienced with first-time buyers who can clearly explain your options and closing costs.

# THE LANGUAGE OF HOME OWNERSHIP

# HOME BUYER FAQ'S

## **How do I know what price range is realistic for my first home?**

Your pre-approval, monthly budget, and comfort level with payments together determine a realistic range; your agent can also show how taxes, HOA dues, and insurance affect affordability.

## **How much should I budget for closing costs on my first home purchase?**

Closing costs typically run about 2% to 5% of the purchase price, and may be paid by you, shared with the seller, or partially covered by lender or assistance programs, depending on your contract.

## **What monthly payment should I be comfortable with as a first-time buyer?**

A common guideline is that your total housing payment fits comfortably within your budget after other debts and savings goals, often keeping your debt-to-income ratio within lender limits.

## **What are the most common mistakes first-time homebuyers make?**

Common missteps include skipping pre-approval, stretching the budget too far, waiving important inspections, making big purchases before closing, and not understanding loan terms or closing costs.

## **How long does the process usually take for a first-time buyer from pre-approval to move-in?**

Once pre-approved and under contract, many first-time buyers close in about 30 to 45 days, though searching for the right home can add additional time depending on the market.

## **Should I buy a “starter” home or wait until I can afford my long-term home?**

A starter home can help you build equity sooner, while waiting may allow a larger budget; the best choice depends on your timeline, local prices, and how long you plan to stay in the home.

## **Is a fixed-rate or adjustable-rate mortgage better for first-time buyers?**

Many first-time buyers prefer fixed-rate loans for payment stability, while adjustable-rate mortgages may be useful if you expect to move or refinance before the rate can adjust.

# THE LANGUAGE OF HOME OWNERSHIP

# HOME BUYER FAQ'S

## **What inspections are especially important for first-time buyers before closing?**

A general home inspection is standard, and depending on the property and location you may also consider roof, sewer, pest, foundation, or environmental inspections for added peace of mind.

## **How much should I plan for repairs and maintenance on my first home each year?**

A common rule of thumb is to budget around 1% of the home's value per year for maintenance and repairs, though older homes or special features may require more.

## **Can I buy my first home if I have student loans or other debt?**

Yes, as long as your total monthly debts, including your future mortgage payment, stay within the lender's debt-to-income guidelines and you meet credit and income requirements.

## **What happens if the appraisal comes in lower than the price on my first home?**

A low appraisal may lead to renegotiating the price, increasing your down payment, changing loan terms, or canceling based on your contract's appraisal contingency.

## **Can I ask the seller for credits or help with closing costs as a first-time buyer?**

Yes, you can request seller credits toward closing costs in your offer, subject to loan and seller limits, which can reduce the cash you need at closing.

## **Do I need a real estate agent for my first home purchase, and how are they paid?**

An agent can guide you through pricing, contracts, and negotiations, and in most markets the seller pays the listing and buyer's agent commissions from the sale proceeds.

## **What is a mortgage?**

A mortgage is a loan used to buy real estate, where the property itself is collateral for the loan.

## **How does a mortgage work?**

You borrow money from a lender, repay it over time with interest, and the lender can take the property if you don't repay as agreed.

## **What types of mortgage loans are available?**

Common types include fixed-rate, adjustable-rate (ARM), FHA, VA, USDA, and jumbo loans.

# THE LANGUAGE OF HOME OWNERSHIP

# HOME BUYER FAQ'S

## **What is the difference between a fixed-rate and an adjustable-rate mortgage?**

Fixed-rate mortgages keep the same interest rate for the entire loan term, while adjustable rates can change over time.

## **What is a down payment, and how much do I need?**

A down payment is the amount you pay upfront, usually ranging from 3% to 20% of the home's price.

## **How do I qualify for a mortgage?**

Lenders look at your credit score, income, debt, employment, and down payment to determine if you qualify.

## **What is mortgage pre-approval?**

Pre-approval means a lender has reviewed your finances and can offer you a specific loan amount, giving you a stronger buying position.

## **How is my mortgage payment calculated?**

Payments include loan principal, interest, property taxes, homeowner's insurance, and possibly mortgage insurance.

## **What is included in my monthly mortgage payment?**

Principal, interest, taxes, and insurance (PITI)—and sometimes PMI.

## **What is private mortgage insurance (PMI)?**

PMI protects the lender if you default and is usually required if your down payment is less than 20%.

## **How can I avoid paying PMI?**

Make a down payment of at least 20%, or explore lender-paid PMI or piggyback loan options.

## **What are closing costs and who pays them?**

Closing costs include lender, title, and government fees (2-5% of price), and both buyer and seller may pay certain costs as negotiated.

## **What is an escrow account in relation to my mortgage?**

An escrow account holds funds for property taxes and insurance to ensure they're paid on time.

# THE LANGUAGE OF HOME OWNERSHIP

# HOME BUYER FAQ'S

## **How do interest rates affect my mortgage?**

Higher rates increase your monthly payment and the total cost of your loan. Lower rates do the opposite.

## **Can I get a mortgage with less than perfect credit?**

Yes, but you may pay a higher interest rate or need a larger down payment. Some programs serve buyers with lower credit scores.

## **What are points, and should I pay them?**

Points are upfront payments to lower your interest rate. If you'll keep your loan long enough, paying points can save money.

## **What documents are required to apply for a mortgage?**

Typically, you'll need pay stubs, W-2s, tax returns, bank statements, and ID. Self-employed borrowers may need more paperwork.

## **How long does it take to get approved for a mortgage?**

30-45 days is common, but it varies. Getting your documents ready early can help speed things up.

## **Can I pay off my mortgage early?**

Yes, in most cases. Check if your loan has a prepayment penalty. Paying early reduces your interest costs.

## **What happens if I miss a mortgage payment?**

You'll likely owe a late fee and risk damage to your credit score. Multiple missed payments can lead to foreclosure.