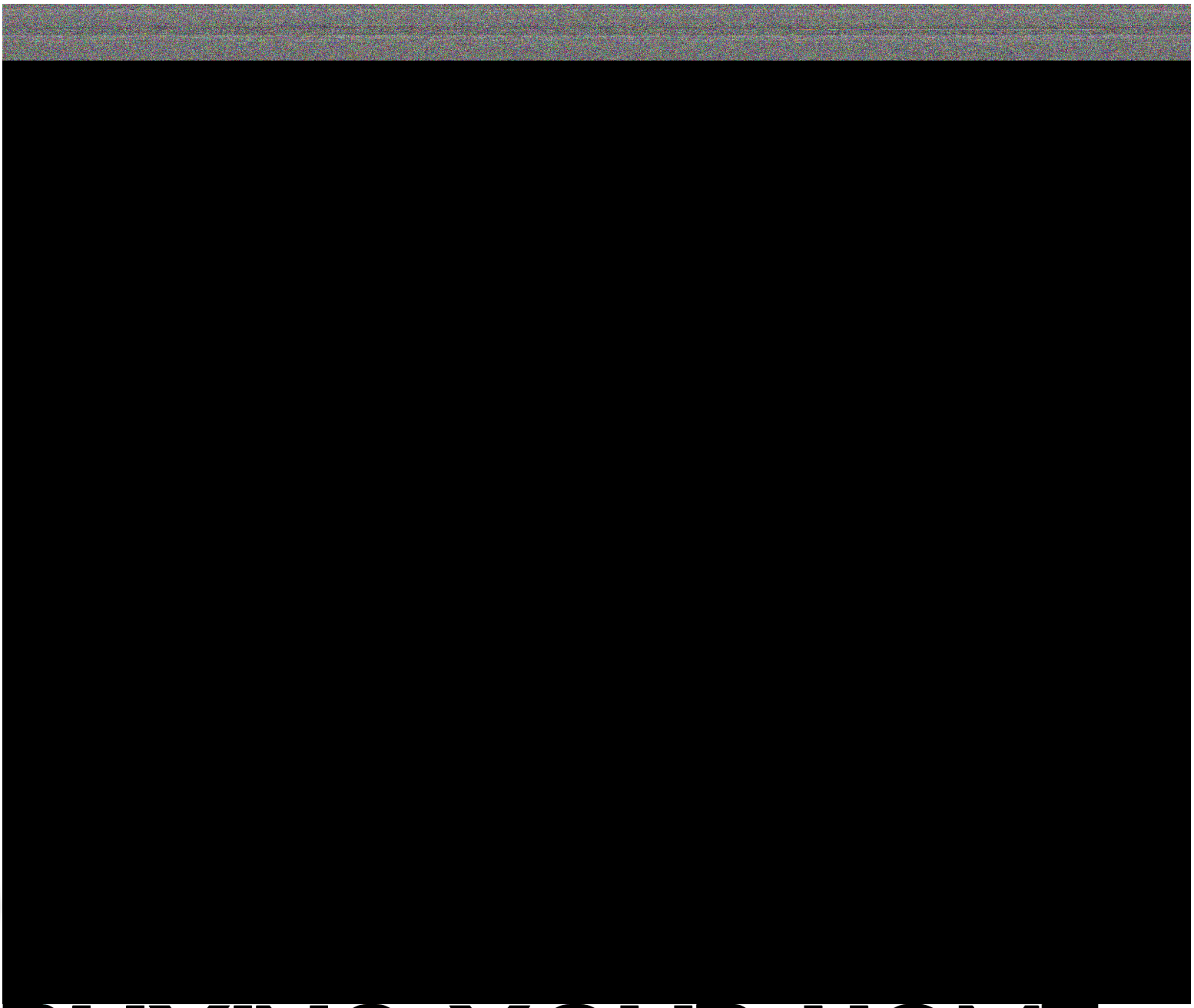
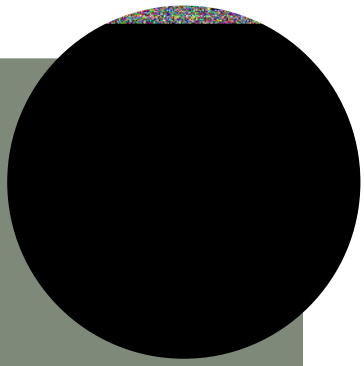
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BUYING YOUR HOME

A CASE STUDY

THE BENEFITS OF HOMEOWNERSHIP



Meet Thomas Rodriguez

This is a client we met a few years ago. He reached out through Zillow, expressing interest in buying a home using his VA loan. At the time, he was still in the “just looking” phase.

We sat down with him and guided him through the entire home-buying process, much like we’re doing now. Being a first-time buyer, he was understandably nervous, especially with COVID restrictions still in effect. At one point, he almost considered returning to renting. He had many reasons to hesitate, particularly since he was from the mainland, where his budget would have afforded him a larger home with a yard. The higher prices here left him feeling discouraged.

Despite that, we encouraged him to stay within his monthly budget, and he ultimately purchased a two-bedroom townhome for $388,000. With a VA loan, his out-of-pocket expenses came to about $5,000, and his total loan balance was $402,000.

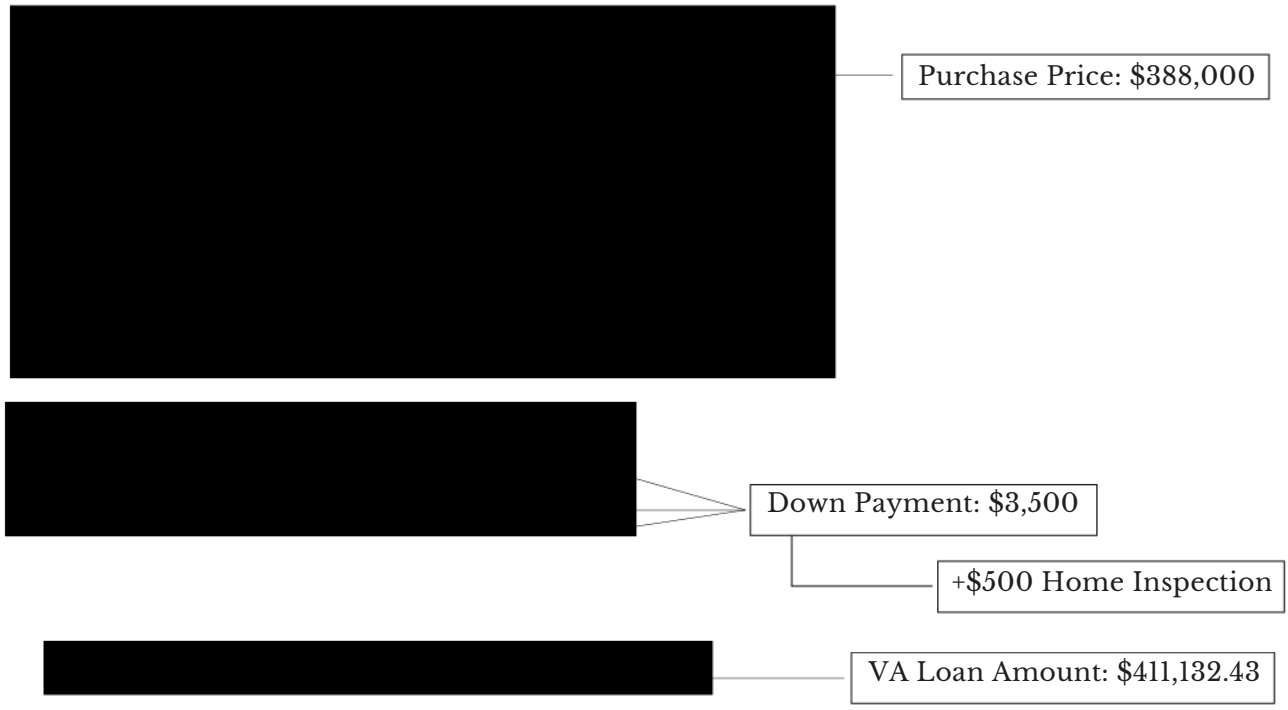
Fast forward to 2023: he decided to sell. We listed it for $485,000 and within five days, sold it for $500,000. After accounting for all taxes, expenses, and fees, he walked away with a check for $75,355.

This is a great example of how waiting can sometimes work against buyers. Many put off purchasing, only to find that prices have increased, making it harder to buy later. Thomas was just 23 when he bought his home, and after three years of making mortgage payments and watching his property appreciate by about 5% annually, he was able to walk away with a significant return.

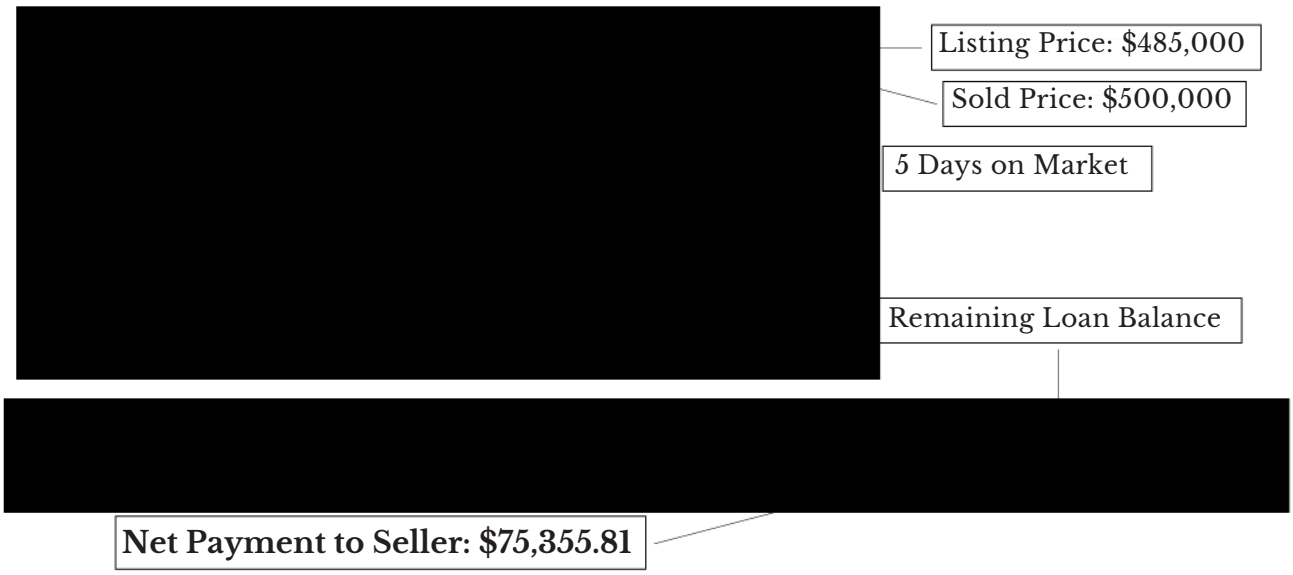
This is his settlement statement from when he sold the home



BEFORE



AFTER



Real Estate: The Easiest Way to Build Wealth

The Traditional Approach

- Work harder, put in more hours, or ask for a raise.
- Cut back on your spending each month.
- Hope for a little extra at the end of the year.

Average household income: $75,000
With this method, you might save $3k–$7k a year.

The Smart Approach

- Buy a home and let your investment grow for you.

In a $300k home, you could build up to $15k per year in equity.
In a $500k home, that's $25k per year.
In a $700k home, $35k per year.
And in a $1M home, $50k per year.

4 Benefits of Owning a Home

Home Value Appreciation

Homes in Hawaii typically appreciate by 4-6% annually.

For example, on a $500,000 home, that's around $25,000 in appreciation each year. A $1 million home could appreciate by $50,000 annually, building significant value over time.

Paying Down Mortgage

Every month you will make payments to your loan, making your loan balance less. You'll be paying off your mortgage anywhere from $500-$1,500 per month or $6,000-$18,000 per year.

Eventually you own the whole thing and don't have to make any payments at all.

Tax Savings

Every year, homeowners receive tax deductions from the government.

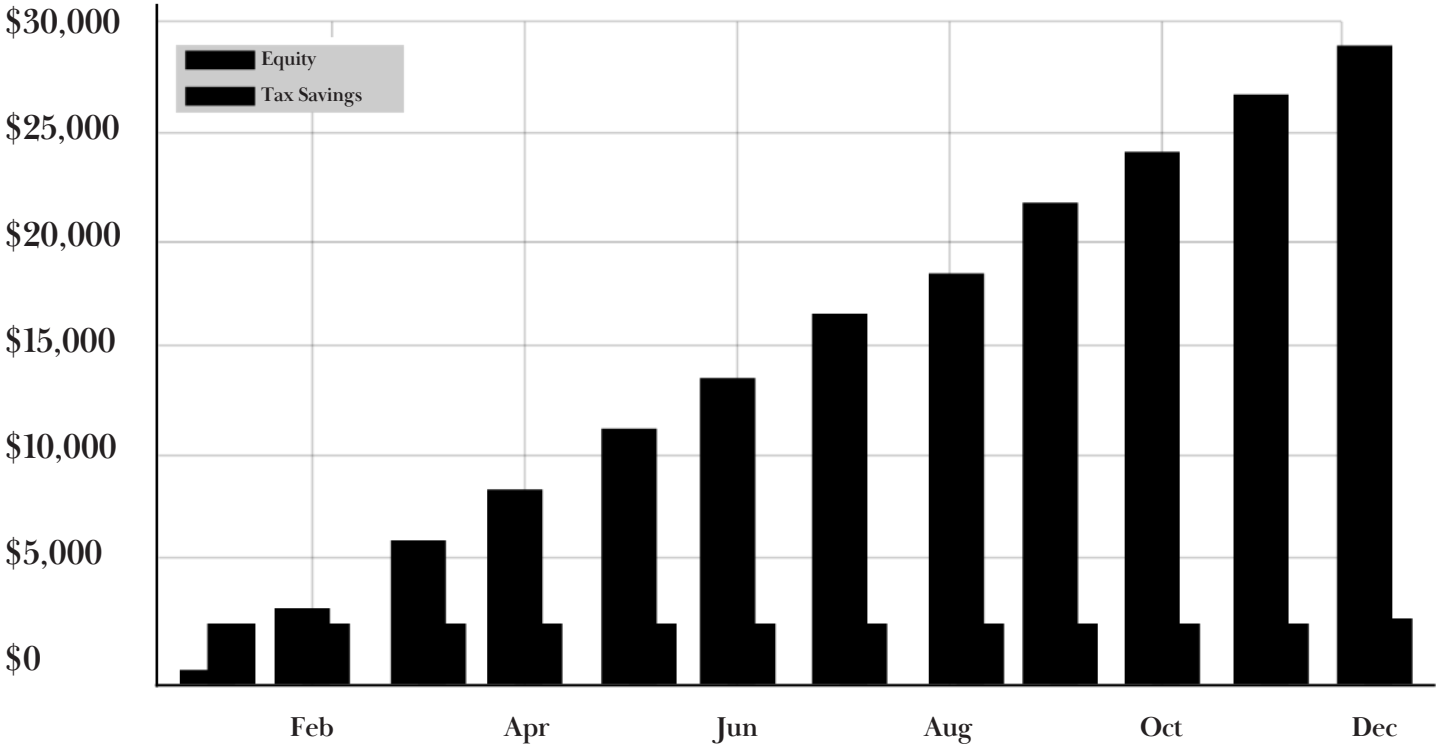
These deductions, such as mortgage interest and property taxes, allow you to keep more of your hard-earned income each year.

Lifestyle Values

Unlike renting, where landlords can raise rent, neglect repairs, or even ask you to leave, homeownership gives you full control and stability.

You decide on any changes or improvements, and most homeowners invest more time designing their space.

Monthly Equity Growth & Tax Savings for Homeowner's Mortgage Payments



Months of Homeownership

This graph illustrates the financial benefits of monthly mortgage payments over the first year for a $500,000 loan at a 6.00% interest rate, with a monthly payment of $2,997.75. The gold bars represent growing equity, while the green bars reflect tax savings from mortgage interest.

Each payment contributes to building homeownership and reducing taxable income.

What's Equity?

Equity is how much money you have in your home. So if the house is worth $500k and you owe $400k to the bank on it. Then you have $100k of equity. So when you sell that is how much you will keep. You will have closign costs and taxes which can vary.

Should You Buy Now?

Before jumping into the market, here are a few things to consider first. Taking time to evaluate these factors could save you in the long run.

CREDIT SCORE

Most banks will want you to have above a 600 credit score.
If you can be above 650 that's better. Above 700 is ideal.

FINANCIALS & CLOSING COSTS

You'll want at least 2 months of savings before you buy a home plus money set aside for closing costs. These range from $1,000 to $20,000 depending on the price of the home and loan type. Don't let closing costs stop you as many buyers will ask sellers for credits to help pay them.

DOWNPAYMENT

We have programs from 0% down up to 25% down,. Most first time buyers do between 0-10% down on their first property.

MOVING SOON

It takes about 2-3 months to sell a home. If you think you will have to move in the next 18 months and you don't plan on renting out the home to a tenant, it might makes more sense to rent yourself. A good rule of thumb is you'll want to keep the home for at least 18-24 months to build enough equity before selling.

SCHOOL DISTRICTS

If you are in a school district and don't want to leave it you may not want to purchase as then you may have to move schools.

Costs of Properties.

Consider your cash out of pocket and ownership costs, which vary by loan type and down payment. Understanding these is key to a smart investment.

Before we go over what you're looking for in a property I always focus first on monthly payments.
You'll have 5 main costs of owning a home:

Mortgage • Insurance • Taxes • Utilities • Home Repairs

Here's a breakdown of what your monthly payment can afford you:

Payment to Purchase Price Conversion
VA Loans - 100% Financing

Interest Rate - 30 Year Fixed

PAYMENT	TIHOA	4.5%	5%	5.5%	6%	6.5%	7%	7.5%
$2,000	SFH $200	$343,000	$328,000	$310,000	$294,000	$279,000	$265,000	$252,000
	Condo $570	$276,000	$261,000	$247,000	$233,000	$221,000	$210,000	$200,000
$2,500	SFH $225	$440,000	$415,000	$392,000	$371,000	$352,000	$335,000	$319,000
	Condo $613	$365,000	$344,000	$325,000	$308,000	$292,000	$278,000	$264,000
$3,000	SFH $250	$531,000	$501,000	$474,000	$449,000	$426,000	$405,000	$385,000
	Condo $655	$453,000	$428,000	$404,000	$383,000	$363,000	$345,000	$328,000
$3,500	SFH $275	$623,000	$588,000	$556,000	$527,000	$499,000	$475,000	$452,000
	Condo $698	$541,000	$511,000	$483,000	$458,000	$434,000	$412,000	$392,000
$4,000	SFH $300	$715,000	$675,000	$638,000	$604,000	$573,000	$544,000	$518,000
	Condo $740	$630,000	$594,000	$562,000	$532,000	$505,000	$480,000	$456,000
$4,500	SFH $325	$807,000	$761,000	$720,000	$682,000	$647,000	$614,000	$585,000
	Condo $783	$718,000	$678,000	$641,000	$607,000	$576,000	$547,000	$520,000
$5,000	SFH $350	$898,000	$848,000	$802,000	$759,000	$720,000	$684,000	$651,000
	Condo $825	$807,000	$761,000	$720,000	$682,000	$647,000	$614,000	$585,000
$5,500	SFH $375	$990,000	$935,000	$882,000	$837,000	$794,000	$754,000	$718,000
	Condo $868	$895,000	$845,000	$799,000	$756,000	$717,000	$682,000	$649,000
$6,000	SFH $375	$1,082,000	$1,021,000	$966,000	$914,000	$794,000	$824,000	$784,000
	Condo $868	$983,000	$928,000	$878,000	$831,000	$717,000	$749,000	$713,000
$6,500	SFH $375	$1,174,000	$1,108,000	$1,047,000	$992,000	$867,000	$894,000	$851,000
	Condo $868	$1,072,000	$1,012,000	$956,000	$906,000	$788,000	$816,000	$777,000

Assumptions: 2.15% VA Funding Fee
TIHOA: Taxes, Insurance & HOA Fee Estimate

Costs of Properties.

Consider your cash out of pocket and ownership costs, which vary by loan type and down payment. Understanding these is key to a smart investment.

Before we go over what you're looking for in a property I always focus first on monthly payments.
You'll have 5 main costs of owning a home:

Mortgage • Insurance • Taxes • Utilities • Home Repairs

Here's a breakdown of what your monthly payment can afford you:

Payment to Purchase Price Conversion Conforming Loans - 80% Financing

Interest Rate - 30 Year Fixed

PAYMENT	TIHOA	4.5%	5%	5.5%	6%	6.5%	7%	7.5%
$2,000	SFH $200 Condo $570	$425,000 $348,000	$402,000 $311,000	$380,000 $294,000	$361,000 $279,000	$343,000 $265,000	$326,000 $253,000	$252,000 $200,000
$2,500	SFH $225 Condo $613	$537,000 $433,000	$508,000 $410,000	$481,000 $388,000	$456,000 $368,000	$433,000 $350,000	$412,000 $333,000	$319,000 $264,000
$3,000	SFH $250 Condo $655	$650,000 $538,000	$614,000 $509,000	$581,000 $482,000	$551,000 $458,000	$523,000 $435,000	$498,000 $414,000	$385,000 $328,000
$3,500	SFH $275 Condo $698	$762,000 $643,000	$720,000 $609,000	$681,000 $577,000	$646,000 $547,000	$614,000 $520,000	$584,000 $495,000	$452,000 $392,000
$4,000	SFH $300 Condo $740	$874,000 $748,000	$826,000 $708,000	$782,000 $671,000	$741,000 $636,000	$704,000 $605,000	$670,000 $576,000	$518,000 $456,000
$4,500	SFH $325 Condo $783	$986,000 $853,000	$932,000 $807,000	$882,000 $765,000	$837,000 $726,000	$794,000 $690,000	$756,000 $657,000	$585,000 $520,000
$5,000	SFH $350 Condo $825	$1,098,000 $958,000	$1,038,000 $907,000	$802,000 $720,000	$932,000 $815,000	$885,000 $775,000	$842,000 $737,000	$651,000 $585,000
$5,500	SFH $375 Condo $868	$1,211,000 $1,064,000	$1,144,000 $1,006,000	$1,083,000 $953,000	$1,027,000 $904,000	$975,000 $860,000	$928,000 $818,000	$718,000 $649,000
$6,000	SFH $400 Condo $910	$1,323,000 $1,169,000	$1,250,000 $1,105,000	$1,183,000 $1,047,000	$1,122,000 $994,000	$1,065,000 $944,000	$1,014,000 $899,000	$784,000 $713,000
$6,500	SFH $425 Condo $953	$1,435,000 $1,274,000	$1,356,000 $1,205,000	$1,284,000 $1,141,000	$1,217,000 $1,083,000	$1,156,000 $1,029,000	$1,099,000 $980,000	$851,000 $777,000

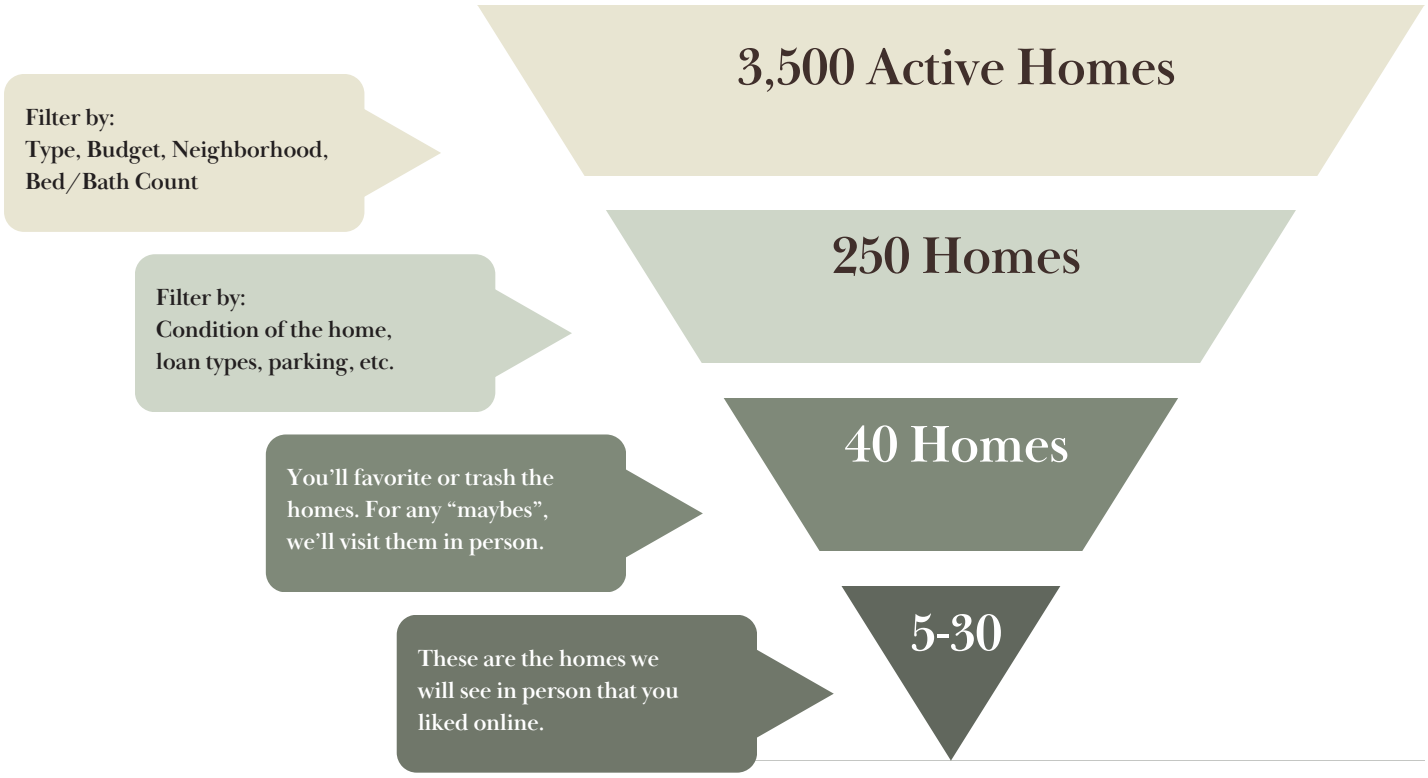
Assumptions: 720+ Credit Score
TIHOA: Taxes, Insurance & HOA Fee Estimate

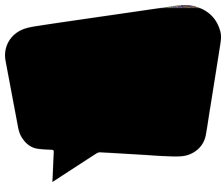
Things that I Need:

Things that I Want:

House Hunting: How It Works

It typically takes viewing 10 to 20 homes to get a good sense of the market and available options. This process can vary, taking anywhere from a day to a year, though 2 to 6 weeks is usually enough to gain a solid understanding of market conditions. Keep in mind, homes may receive multiple offers, so it's best not to get too attached until your offer is accepted and the keys are in hand.





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Home Preferences and Lifestyle

1. Have you previously bought or sold a house? ◯ Yes ◯ No

2. Are you currently renting or do you own a home? ◯ Rent ◯ Own

   A. If renting, when does your lease end? _____

   B. If you own, do you need to sell your current home before buying a new one? ◯ Yes

3. What's important to you and your family when looking for a home?

_____

_____

_____

_____

4. What qualities are important to you when working with a real estate agent?

_____

_____

5. Do you have any preferences or specific type of agent you'd like to work with?

_____

_____

6. Do you have any preferences or specific type of agent you'd like to work with?

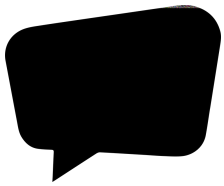
_____

_____

7. What do you do for work, and how does that impact your housing needs?

_____

_____



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Home Preferences and Lifestyle

8. What are your priorities in terms of location? Are you looking for proximity to work, schools, or other amenities?

_____

_____

_____

9. What kind of lifestyle do you envision in your new home?

_____

_____

10. Are there any specific hobbies or activities you want your new neighborhood to accommodate?

_____

_____

11. Are you planning to expand your family in the future? ◯ Yes ◯ No

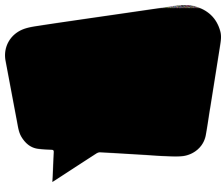
12. How important is outdoor space to you?

◯ Not Important ◯ Somewhat Important ◯ Very Important

13. Are you looking for...

◯ Yard ◯ Patio ◯ Balcony

14. Do you have any pets? ◯ Yes ◯ No



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Motivations and Timeframe

1. What prompted you to start looking for a new home?

_____

_____

_____

2. What are the top three things or deal breakers you hope to find in your new home?

A. _____

B. _____

C. _____

3. How soon would you like to move into your new home? _____

A. Are you flexible with your move-in date? ◯ Yes ◯ No

4. How long have you been actively searching for a home? _____

5. Do you have a specific deadline to make a decision? _____

Budget and Financing

1. Have you determined your budget for a new home? ◯ Yes ◯ No

A. What is that budget? _____

2. Have you spoken with any mortgage lenders yet? ◯ Yes ◯ No

3. Do you have a specific down payment amount in mind? _____

BUYER'S TIMELINE

LOAN FORM:

We will fill out paperwork with a loan officer and they will let you know how much of a loan you qualify for but just because you can get a big loan doesn't mean we need to use it all. We will actually focus on keeping your monthly payments where you are comfortable, you'll probably qualify for a larger loan than you want to use. Many people get afraid to fill out loan paperwork because they think it will change their credit score but that's not actually true, that will only happen when you actually get the loan for the house.

SHOWINGS:

We will schedule showings to see about 5 homes at a time and then on Saturdays and Sundays I'll send you a link to all of the available open houses. We will only look at homes that fit our criteria too. There are 4,000 homes for sale but most of them won't work. We will go see those 5-30 homes that you liked online. And we will compare each one to the previous one until we have our top 3 homes that you like all of them.

I will send you every listing that comes up for sale that fits. Each week we will try to see 4-6 homes per week that fits your criteria.

OFFERS:

Then when we make an offer we will take those listings and deter mine an offer price by seeing what all the neighboring units have sold for. Then we make an offer on our top 3. We do this because many times offers don't get accepted and by trying for 3 at a time you're more likely to get a better price on a home too and if all 3 are accepted then we decide which one is the best fit for the price and cancel the others.

BUYER'S ESCROW TIMELINE:

By submitting an offer we are showing that we are interested in the property, we like what we see but we still have to do our due diligence. This is why a typical timeline is 30-45 days. Most of our offers we write will be for a 30-day close from start to finish. In the offer we submit it will have what is called contingencies. These are "outs" meaning if there is something we don't like or say our loan doesn't go through these are reasons we can cancel our offer to buy. Also what is important to know is that the seller cannot cancel on us. The only reason they could is if we don't fulfill our obligations like making deposits or we take to o long to close.

When we want to purchase a property we submit what's called an offer or purchase contract. This is a purchase contract. This however, is a condensed version I made that has the step-by-step process. It's easier to look at.

Now, back to the escrow process. The first thing that happens when our offer is accepted is we will receive a signed copy back from the sellers. Once we have that we have what is known as "Offer Acceptance" or an executed offer. Some people call this "being in escrow".

DEPOSIT:

Then the first thing you will have to do is drop off or wire the Initial earnest money deposit. This typically ranges from $1-5K depending on the property and it is what opens escrow and shows that you are serious about buying the property or you have "ski n in the game".

BUYER'S TIMELINE

INSPECTION:

Then we will order a home inspection. They will go to the property and they will test just about everything they can see or touch. They will make sure all the outlets work, the burners on the stove work, they make sure that the fridge is at the right temperature. If the report comes back and there is something we don't like, we can go ahead and cancel. This will happen within the first 10 days of escrow. During the Home inspection I usually like to look for the Big 4 which is the foundation, roof, electric, plumbing. Everything else can be mostly cosmetic but these are the big ones and the most expensive to fix. If something does co me up... We can ask the sellers to fix things and if they say no we just move on.

SRPDS:

Around the same time as we are getting the inspection done, the seller will also be providing us with a form called the Seller's Real Property Disclosure Statement, or SRPDS. All this is, is a questionnaire filled out by the sellers with information regarding the property; typically, information you would know from having lived there. It will contain anything from the last time the roof was replaced, if there's a known history of pests, eve n whether or not the neighborhood is prone to excessive noise. It'll also typically include the last few months of the electric and utility bills, to help you plan ahead. Same as the property inspection, we're really looking for major red flags here. If something major does come up that we're just not comfortable with, we can opt to terminate the contract and get our deposits back, so long as we are within our contingency time window.

CONDO DOCS:

Anytime you are looking at condos, townhomes, and single family homes in certain communities, the property is going to be under the jurisdiction of an association. In this case we will need to order condo docs. This will outline the association bylaws and regulations, the current financial statement, the approved meetings of the last 3 director board meetings and last-minute meetings. This is part of our due diligence process where we are learning as much as we can about the association. As a homeowner within the community, these are things that will impact you and which you'll also have a say in directing.

TERMITE / SURVEY / STAKING:

Next we have termite, survey, and staking. These all need to be done two weeks prior to closing. For the termite inspection, sellers will typically pay for this service. Most of the time there is no major damage to the property but we always want to make sure that we are doing our due diligence. If they find termites they will treat it and you will usually get a warranty that lasts about 4-6 years. Survey and staking is for single family homes. This helps you know where your
boundary lines of your home are, making sure that your lot is the correct size and that there are no encroachments we need to worry about.

BUYER'S TIMELINE

APPRAISAL & CLAUSE:

The bank wants to make sure that the property is worth what you're purchasing it for as they are providing a loan for the funds. What they will do is hire w hat is called an appraiser. An appraiser's job is to try and establish an exact value of the home. No appraiser is the same so two different appraisals will be vastly different in the price they say the home is worth. This can cause a challenge in a market where the price is appreciating, since they will only look at sold listings that cannot use the current active and escrow listings to determine value. Even if the neighbor received an offer that was $30,000 above ask they cannot use that comparable sale. If the property appraisers for less than what the home is being sold for then a few things can happen.

First, we ask the seller to come down to the appraisal price. Second, the seller asks us to come up with a difference in cash, I'll explain that more. If there a re other competing offers then they will be more firm depending on the situation. Third, what happen s more often is the sellers ask us to meet in the middle.

The bank will give you a loan up to the appraisal value and left over $5k will be needed to be added to be cash brought up at closing. Sometimes as buyers we will write in what is called an appraisal clause.

Now, putting ourselves into the seller's shoes, if we were looking at an offer, we want to make sure that no matter where the appraisal comes in for today's market, we know what price we are getting at the end of the day. What we can do to make our offer stronger and secure for the seller is add an appraisal clause. An appraisal clause states t hat in the event that the appraisal comes in lower than offer price, the buyer agrees to make up the difference of the shortfall between appraisal value and purchase price in cash at the time of closing. Now that might seem scary, but when we add the clause we can add a value to the clause, like, 10K. So for example, if we offer initially at 525K on a home and we write an appraisal clause for 10K, the appraisal comes in at 500K, our new purchase price becomes 510K. We would just need to upfront the additional 10K during our final closing.

CLOSING:

About a week before closing you will go into escrow or get a mobile notary and sign the deed and documents. You will need either a cashier's check or to wire. Some banks are a hassle and won't let you wire so make sure to talk with them first.

FREQUENTLY ASKED QUESTIONS

What if I don't find the perfect property or a house I love?

The truth is, there's no such thing as the "perfect" home. Focus on finding a great starter home that meets your needs and builds equity for the future.

What if I overpay for the home? How do we choose the right offer price?

It's natural to worry about overpaying, but that's where our research comes in. Before every offer, we analyze the 5-10 most recent sales in the neighborhood to see what similar homes are selling for. For example, if a neighbor's house sold for $800k and ours has upgraded flooring, we may offer slightly more, but we won't overextend. Plus, the bank will appraise the home to ensure it's worth the loan amount—they want to protect their investment too. The list price isn't always the best guide, as some homes are priced too high, too low, or just right. We'll make our own well-informed pricing decision.

What about unexpected repair costs?

Before committing to buy, we'll conduct a thorough home inspection. While things can break over time, most issues are minor if the roof, electrical, and plumbing are in good shape. Here's a list of common repairs over five years and their costs:

- Appliances: $500-$1,500 each
- Interior paint: $1,000-$3,000
- Outlets & electrical fixes: $100-$500
- AC servicing: $150-$500
- Pest control: $200-$500
- Sealing & caulking: $100-$500
- TaskRabbit for minor repairs at affordable rates

We can also use the inspection report to estimate larger repair costs and decide if it's worth moving forward or negotiating a lower price, requesting repairs, or getting seller credits. Either way, we're here to help you make the best decision!

FREQUENTLY ASKED QUESTIONS

What if the value of my home drops?

Buying a home is an investment, and like any investment, it requires time, energy, and money.
We often spend so much on things that don't matter, but real estate has proven to be a profitable longterm investment, especially in Hawaii, where values have steadily grown over the past 100 years. In fact, 90% of all millionaires invest in real estate.

Solution: Focus on the long-term value. While short-term market fluctuations are normal, real estate typically appreciates over time—especially after 3-5 years. Holding onto your property during these periods can yield positive returns in the long run.

What if closing costs are too high?

Potential buyers often feel uncertain about the additional costs when purchasing a home, especially closing costs.

To reduce this uncertainty, we'll outline all potential costs upfront, including:

- Insurance: $500 to $1,500 annually
- Inspection: $300 to $500
- Deposits: Typically 1-3% of the purchase price
- Out-of-pocket fees: Title insurance, attorney fees, and more

Solution: Buyers can also negotiate with sellers for credits to offset some of these costs, helping to ease the financial burden. By understanding and listing these costs in advance, buyers can plan better and negotiate effectively, reducing anxiety over unexpected expenses.

What about high interest rates?

Explore different mortgage options and consider locking in favorable rates that make sense to you.

Negotiate with the sellers to secure credits that can help cover costs, such as buying down the interest rate with options like a 2-1 buydown. This can make the purchase more affordable by reducing your monthly mortgage payments. The lenders will know what to do, we just need to get you the credits if we need it!

Well, renting is 100% interest... So what I tell buyers is you're getting a 94% discount on the interest rate as soon as you go from rent to buy and if the rate goes down even more you're allowed to do what's called a refinance. Basically you go to the bank and say hey rates are better I want a new loan, you fill out paperwork and they give you a new loan.

FREQUENTLY ASKED QUESTIONS

HOA Fees: Unexpected Monthly Costs?

To avoid surprises, we'll carefully review the HOA documents to understand fees and what they cover. HOA fees typically range from $350 to $550 per month, depending on the property type.

What if I need to move?

Moving is a common concern, but owning a home gives you flexibility. You can either sell the home for a profit or rent it out to generate income and cover mortgage payments.

What if I can't sell the property?

While selling may seem uncertain, properties typically appreciate over time. If selling is challenging, renting it out can be a good temporary solution. Improving and maintaining the home can also boost its value and appeal to buyers.

What if I buy the wrong house?

This is a frequent worry, but we'll work closely with you to ensure the home fits your needs and long-term goals. Thorough research and due diligence are key, and remember, homes can be personalized or resold if necessary. Getting your foot in the door is the first step!

Rental Property Tax Rules*

If you decide to rent out your property one day, it's important to understand how rental property tax rules can work in your favor. You can deduct many of the expenses related to maintaining and fixing up the property from your taxes, but you must report your rental income to the government.

Example: If you rent out your property for $2,500 per month, that's an annual income of $30,000. Expenses: Let's say you spend $12,000 on mortgage interest, $3,000 on property taxes, $2,000 on repairs and maintenance, and $7,000 on depreciation (spreading out the cost of the property over time). Taxes: You can subtract $24,000 (your expenses) from your $30,000 income, meaning you only pay taxes on $6,000.

- Always report your rental income to the IRS.
- Work with an accountant to ensure you're taking advantage of all allowable deductions.
- Don't forget to pay Hawaii taxes: the General Excise Tax (GET), Transient Accommodations\ Tax (TAT) for short-term rentals, property taxes, and state income tax.

** This is an example for understanding, not legal financial advice.*

FREQUENTLY ASKED QUESTIONS

Fee Simple vs. Leasehold Ownership in Hawaii

Fee simple ownership is probably the most familiar form of ownership to buyers of residential property, especially on the Mainland. Fee simple is sometimes called fee simple absolute because it is the most complete form of ownership. A fee simple buyer acquires ownership of the entire property, including both the land and buildings. The fee simple owner does not pay ground rents, but does pay maintenance fees and real property taxes. The fee simple owner has the right to possess, use the land and dispose of the land as he wishes–sell it, give it away, trade it for other things, lease it to others, or pass it to others upon death.

The leasehold interest is created when a fee simple land-owner enters into an agreement or contract called a ground lease with a lessee. A lessee buys leasehold rights much as one buys fee simple rights; however, the leasehold interest differs from the fee simple interest in several important respects. First, the buyer of residential leasehold property does not own the land and must pay ground rent. Second, the use of the land is limited to the remaining years covered by the lease. Therefore, the land returns to the lessor, and is called reversion. Depending on the provisions of any surrender clause in the lease, the buildings and other improvements on the land may also revert to the lessor. Finally, the use, maintenance, and alteration of the leased premises are subject to any restrictions contained in the lease.

How do I know if it's time to buy instead of rent?

If you know where you want to live, have a steady and secure income, and are ready for the responsibilities of homeownership, then it's a great time to invest in property.

How much do I need to save up for a down payment?

A conventional loan down payment is usually 20% of the sales price, but other types of financing require as little as 3.5% to 15%. A mortgage lender can tell you what types of loans you qualify for.

How do I know if I qualify for a loan and how much I can afford?

Contact a mortgage lender to get pre-approval for a loan. The lender will ask you some basic questions about your income and debts and can tell you what amount you can be approved for, and how much your mortgage payments will be.

What does the lender need from me to give me a loan?

Usually, you are asked to provide your last two tax returns to show proof of income. You should also provide recent bank and credit card statements and proof of your current pay rate. You will also be asked for your social security number so they can run a credit check.

FREQUENTLY ASKED QUESTIONS

What's the difference between pre-approved and pre-qualified?

While often used interchangeably, these terms don't mean the same thing. Pre-qualification is an estimate of what you may be approved for based only on the verbal information you provide. Preapproval means the lender has verified your income and debt information and run a credit check.

How do I know which mortgage option is right for me?

Your mortgage lender is the best person to advise you on this question. Their products and qualifications change from time to time, so they would know best what products are available to meet your needs.

What should I do when I see a house online that I like?

Call your buyer's agent: the agent you are working with to find your home. It's best that you work with one real estate agent throughout your search because that person learns what you like and dislike and will invest a lot of time vetting properties for you. That person also represents your best interests only. When you call the agent advertising the home, you are dealing with the seller's agent, so, while they can assist you, they are also trying to get the best price for the seller.

Can you show me a house if it's not your listing?

Absolutely. As a buyer's agent, I can show you any house listed in our MLS system, and I will contact FSBO sellers on your behalf. As mentioned above, working with me as your buyer's agent ensures that your interests are protected.

How do we write an offer?

When you find the property you want to make an offer on, I will run a Comparative Market Analysis (CMA) to help you determine a fair offer amount. I will also guide you through the additional terms of the contract, such as the escrow amount, closing date, and any additional terms you want to be added to the offer. I will write the offer on a contract form and submit it to the seller's agent.

What if I want to back out of a contract?

You always have the right to back out of the purchase, but you may lose your escrow deposit. If the contract is contingent on a property inspection, you usually have the right to cancel for any reason during the inspection period. Once the inspection period has passed, you cannot back out and keep your deposit unless the seller agrees, or an additional term has not been met.

FREQUENTLY ASKED QUESTIONS

What happens if there are other offers on the house I love?

If a seller receives multiple offers on their home, usually their agent will inform the buyer's that multiple offers have been received and the buyers have another opportunity to alter their original offer to present their "highest and best" offer. Keep in mind that many factors may influence the seller in addition to the offer price, such as the down payment amount, closing date, and inspection terms.

What happens when my offer gets accepted?

Once both parties have agreed on all terms and signed the contract, your escrow deposit must be made and you should schedule the home inspection. Your lender will receive a copy of the contract and will begin processing your mortgage application.

What does "in escrow" mean?

This means that all parties have agreed on terms, have signed the contract, and the signed contract has been delivered to both buyer and seller. Payment of the earnest money or initial deposit is expected to be delivered to the escrow company by the agreed upon deadline, typically 2 business days after the Acceptance Date. The larger the initial and additional deposits, the more seriously your offer will be taken.

Do I need an inspection?

We always recommend that you have a home inspection done. In the scheme of things, paying a few hundred dollars to have peace of mind that there are no hidden dangers or problems is well worth the money.

How much are inspections?

The cost of the home inspection depends on the size of the house and additional inspections requested, such as swimming pool, septic tank, termites, insurance four-point (HVAC, plumbing, roof, and electrical,) wind mitigation, and radon. An average home inspection, without additional inspections, is about $300.

What if my loan doesn't get approved?

If you have gone through the pre-approval process and have been forthcoming with all the information requested by your lender, it's unlikely you will be turned down, but it does happen. Make sure you do not change jobs, purchase big-ticket items on credit, take out a car or boat loan, or open any other new credit accounts while your mortgage is being processed. If your loan does fall through, talk with your lender about changing to a different loan type.

FREQUENTLY ASKED QUESTIONS

When can I start moving?

When you have the keys! When you are financing your purchase, it takes four to six weeks for your loan to be processed. Once the lender gives the all-clear, closing is scheduled. You will sign your loan documents and both parties will sign documents transferring ownership to you. Unless other arrangements have been agreed upon by both parties, the sellers should have completely vacated the home when they sign the closing papers. You can have your belongings ready to move, and a moving company scheduled before you go to closing. At closing, you will receive the documentation you need to provide utility companies with proof of your new residence.

Do I need to be on the island to close on the property?

No. Most Brokerages have disclosures that allow a Buyer to purchase a home without physically seeing or inspecting it yourself. This disclosure is commonly referred to as a 'Sight Unseen Addendum' – and it attaches to the Hawaii Purchase Contract. There is a risk involved as the Buyer to do this type of purchase without physically inspecting a property, but we do accommodate this.

Can I get financing on a leasehold property?

Yes, but it is required that an additional 5 years are remaining on the lease beyond the loan term.
If looking at a 30 year, there will need to be 35 years left on the lease.

Can I use my own bank to apply for a mortgage?

Maybe. Check with your bank to confirm they are licensed in the State of Hawaii, if they are, then yes you can use them to get pre-approved for a home loan. If they are not, we have a list of great lender options for you. In regards to condo-tels, or condos allowing short-term vacation rentals, you must use a local lender as mainland banks will not approve a loan on this kind of property.

What is the Good Funds Law in Hawaii?

Hawaii is a Good Funds State. This means that the funds required for a transaction to close must be readily available, meaning checks must be fully cleared, in the escrow account two days prior to actually closing.

As a Buyer, do I have to pay for a Realtors services?

Typically, when a Seller lists their home, they agree to pay the commission for both the Buyers representation as well as the Seller. The Listing price encompasses the costs for commission, so although you are not paying out of pocket as the Buyer, it is usually still in the overall cost of the property itself. Overall, make sure you have your own Realtor representation as the Buyer! In some cases where the purchase price is less than $15,000, there may be a transaction fee that the buyer is responsible for. Be sure to talk with your Realtor about any applicable transaction fee.

FREQUENTLY ASKED QUESTIONS

Do I get the keys to the property the day I sign my papers or give my final deposit?

Closing in Hawaii occurs the day the property officially records with the Bureau of Conveyance, not the day you sign, or the day you deposit the funds. You will get the keys to your new home as soon as escrow confirms the recording with the Bureau usually two days from the day you make your deposit.

What types of questions is my Realtor not allowed to answer?

Realtors cannot answer questions or give opinions relating to schools, crime rates, “good” or “bad” neighborhoods, or demographics as examples. These would be a violation of the Fair Housing Laws which were enacted in 1968 to eliminate housing discrimination.

What is a co-op or cooperative?

A corporation holding title to an apartment building which offers shares for purchase. In exchange for purchasing stock shares in the corporation, each owner receives a lease to occupy, not own, a certain unit in the building. Co-op owners are responsible for their share of the corporation's expenses: maintenance, mortgage, payroll, taxes, etc.

What is a Condominium Property Regime or CPR?

A property that is a CPR is one where each owner has ownership of a certain unit with a percentage of the undivided interest in the common elements. Common elements may include land, lobbies, pools, roads and roofs. CPRs include apartment buildings, as well as land that has been condominiumized. An example would be a property owner with multiple residential structures wishing to subdivide and cannot, so the owner would then create a CPR and each structure would be assigned a unit number. CPRs have an association with covenants and restrictions. In most cases a CPR will have monthly maintenance fees.

What do maintenance fees cover?

Also known as AOAO (Association of Apartment Owners) fees, or strata fees. The maintenance fee is paid on a monthly basis and typically covers: insurance on the exterior of the building, common area maintenance, reserves, trash, water and sometimes basic cable and electric.