

Home Buyer Guide

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From your first plan to your new keys.

Buying a home is a series of decisions. Start with what you can comfortably afford, then choose a home and terms that fit your life. This guide is a starting point for buyers in Greater Los Angeles. Your signed agreement, lender requirements, and property details control the actual steps and deadlines.

1. Set a comfortable budget

A lender may approve more than you want to spend. Decide what monthly cost leaves room for food, transportation, savings, emergencies, and the rest of your life.

- Include the loan payment, property taxes, insurance, and any homeowners association (HOA) fees.
- Ask whether mortgage insurance applies. This protects the lender and adds to your cost.
- Plan for utilities, maintenance, repairs, and moving costs.
- Keep an emergency cushion instead of using every dollar to buy the home.

Your down payment is the part of the price you pay from your own funds. Closing costs are additional fees and prepaid expenses for completing the purchase. Ask your lender for a written estimate of both.

Simple savings example

For an example home priced at \$600,000, a 10% down payment is \$60,000: $\$600,000 \times 0.10 = \$60,000$. If estimated closing costs are \$15,000, that is \$75,000 before moving expenses and reserves. The \$15,000 is an example, not a quote. Loan programs, down payments, and actual costs vary.

2. Compare lenders and get prepared

A preapproval is a lender's review of your finances and possible borrowing amount. It is not a promise that the final loan will be approved. The property, appraisal, and final review still matter.

- Gather identification, income records, tax returns when requested, bank statements, and information about debts.

- Ask about the interest rate, annual percentage rate (APR), fees, loan type, and whether the rate can change. APR includes certain borrowing costs and helps compare loans.
- Compare Loan Estimates for similar loan amounts and terms. Look at the total costs, not just the monthly payment.
- Ask what cash you will need at closing and what conditions remain.

Tell your lender before changing jobs, taking on debt, or making large transfers. These changes can affect approval. Do not assume you need a 20% down payment; ask which programs fit your circumstances.

3. Understand who represents you

Your agent helps you search, compare homes, understand offers, and manage the transaction. Discuss the buyer representation agreement before committing. Read the services, duration, cancellation terms, and compensation provisions. Agent fees are negotiable; do not assume the seller will pay all of your agent's fee.

California requires a written buyer-broker representation agreement as soon as practicable and no later than signing an offer. Your agent or brokerage may require it earlier. Ask who represents each party and whether the same brokerage or agent is involved on both sides.

4. Choose your must-haves

Separate what you need from what would be nice. A three-item must-have list can keep the search focused.

- Choose areas that fit your commute and everyday needs. Visit at different times when possible.
- Compare bedrooms, bathrooms, layout, stairs, parking, outdoor space, and maintenance needs.
- Consider condos and HOA rules, dues, finances, and possible special assessments.
- Check property information rather than assuming an addition, garage conversion, or extra unit is permitted.

A fresh paint job does not tell you the condition of the roof, plumbing, electrical system, or foundation. Ask questions and plan for inspections.

5. Make an offer you understand

An offer includes more than a price. Review the deposit, financing, closing date, included items, requested credits, and protections before signing.

Contingencies are conditions written into the agreement, such as inspection, appraisal, or loan approval. They may give you options if something is wrong, but only under the contract's terms and deadlines.

Removing them can increase your risk. A deposit is not automatically refundable.

Ask: What happens if the appraisal is low? What if the inspection finds a problem? When is my deposit due? Which deadlines could put my deposit at risk? A seller can accept, reject, or counter your offer.

6. Investigate the home during escrow

Escrow is the process in which a neutral company holds funds and documents and follows the agreed instructions to complete the sale.

- Read seller disclosures, inspection reports, title information, and any HOA documents.
- Arrange a home inspection and specialist inspections when recommended. Ask about major systems, moisture, pests, sewer lines, and other property-specific concerns.
- Review permits and local requirements when relevant. Los Angeles-area cities can have different rules.
- Get an insurance quote early and confirm coverage can begin when required.
- Track every deadline with your agent and lender. Do not assume a standard number of days applies.

An appraisal estimates value for the lender. It is different from an inspection, which examines condition. A repair request or credit is a negotiation, not a guarantee the seller will agree.

7. Review the final numbers and close

For most mortgages covered by federal disclosure rules, you must receive the Closing Disclosure at least three business days before closing. Compare the loan terms and cash needed with your Loan Estimate. Ask about differences before signing.

- Complete a final walk-through to check agreed repairs, included items, and the home's condition.
- Confirm your funds, signing appointment, insurance, and possession date with escrow and your agent.
- Verify wire instructions by calling escrow at a trusted number you obtained independently. Do not rely on an unexpected email telling you to send money elsewhere.
- Wait for confirmation that closing and recording are complete and that you are entitled to possession before moving in.

Signing paperwork alone does not mean the home is yours yet. After closing, save your records, transfer utilities, and make a maintenance plan.

Buyer checklist before making an offer

- I understand my full monthly cost and cash needed.
- I have reviewed financing and representation terms.

- I know my must-haves and the home's unanswered questions.
- I understand my contingencies and deposit risk.
- I can meet the proposed deadlines.

Common terms, in everyday words.

Equity

Your home's value minus what you owe on it. Selling costs reduce what you may take home.

Earnest money deposit

Money a buyer puts into escrow under the purchase agreement. It is generally applied to the purchase if the sale closes. Refunds and disputes depend on the contract and circumstances.

Title

The legal ownership of a property. A title review looks for recorded matters that may affect that ownership.

Contingency removal

Giving up a contract condition or protection as provided by the agreement. Understand the risk before signing.

Proration

Dividing a cost, such as property taxes, between buyer and seller for their agreed portions of time.

Seller credit

An agreed amount the seller contributes toward permitted buyer costs. Loan rules can limit how credits are used.

Pending

A property is under contract. It has not necessarily closed.

Helpful resources

General education for California residential buyers and sellers. Requirements and forms can change. Get advice for your property, loan, and signed agreement. Reviewed October 9, 2026.

- CFPB: Understand and compare your Loan Estimate
- CFPB: Review your Closing Disclosure
- California DRE: Buyer representation agreements
- California DRE: Disclosures in real property transactions

Ready to discuss your next step? Call or text 323-744-1037 or visit mrdwsellshomes.com/contact/.