

the
LUMINA
HOME
BUYER
GUIDE

HOMES + LOANS.
ONE CLEAR PLAN.

FELICIA MORALES
Broker | Owner



Welcome,

Buying a home is one of the most significant financial decisions you'll make and it deserves a thoughtful, well-structured approach.

This guide was created to walk you through the process with clarity and confidence. Inside, you'll find practical insights, smart preparation tools, and guidance to help you make confident, informed decisions at every stage.

My goal is simple: to ensure your home purchase is not only exciting, but financially sound and strategically aligned with your future.

Let's begin.

Starting Smart



JOB & INCOME

A stable 2 year employment history and consistent income are key components of loan approval.

CREDIT SCORE

Your credit profile plays a significant role in loan eligibility and interest rates. While many conventional loans require a minimum score around 620, loan options and terms vary based on overall financial strength and down payment.

DOWN PAYMENT

Down payment requirements generally vary by loan type. Some programs allow as little as 0–3% down, while others may require more. The right structure depends on your financial goals, available savings, and long-term strategy.

CLOSING COSTS

Closing costs typically range from 2–5% of the purchase price and include lender fees, escrow fees, appraisal costs, and prepaid items such as taxes and insurance.

LONG TERM PLANNING

Consider how long you plan to stay in the home and how future changes in career, family, or lifestyle may impact your decision.

ONGOING COSTS

Homeownership extends beyond the mortgage payment. Be sure to account for property taxes, homeowner's insurance, utilities, and ongoing maintenance, often estimated at 1–2% of the home's value annually.

Why Work With Felicia

One Strategy. One Expert. Start to Finish.

Buying a home is one of the significant financial decisions you'll ever make. You deserve a dedicated partner who understands both the home and the financing behind it. As both a licensed Real Estate and Mortgage Broker, I guide you through the entire process, from home search to loan approval to closing, so nothing gets missed and every decision works together.



HERE'S WHAT THAT MEANS FOR YOU:

- True buyer representation, your interests protected at every step
- In-house loan strategy aligned with your home search
- Real-time payment analysis before you write an offer
- Creative financing strategies many agents can't structure
- Strong offer positioning in competitive situations
- Identification of property red flags early
- Access to trusted inspectors, contractors & vendors
- Clear explanation of contracts and loan terms (no confusing jargon)
- Tight coordination between escrow, title, agents, and underwriters.
- Fewer surprises. Smoother closings.

Pre-Approval & Documentation Guide



HOW WE BEGIN

Before shopping for homes, I'll need the documentation listed below so I can accurately review your income, assets, and credit profile.

With a complete financial picture, we'll determine the right loan program, and a comfortable price range with an ideal monthly payment. I'll then issue your pre-approval letter good for 60 days so we are positioned to compete confidently when the right home comes along.

Documents Needed

Income

- Last 2 years of W-2s
- Last 2 years of federal tax returns
- Most recent 2 months of pay stubs
- Documentation of any add'l income

Asset

- 2 most recent bank statements
- 401(k) or investment statements

Identification & Other

- Copy of driver's license
- Social Security card (if requested)
- Two-year address history
- Student loan statements (if applicable)
- Documentation for divorce, bk, etc

Please provide complete statements (all pages) and avoid sending screenshots.

Understanding Your Loan Options

The right loan isn't one size fits all, it's tailored to your income, credit, available funds, and long term goals.

As your broker, I compare options across multiple wholesale lenders to design the financing that best supports your purchase now and over time.

CONVENTIONAL LOAN

The most common home loan, offered through multiple lenders.

- Typical down payment: 3–20%
- Ideal for buyers with strong credit and stable income
- Offers long-term flexibility and competitive pricing

Best for: Buyers seeking structure and future refinance flexibility.

FHA LOAN

Designed for buyers who may need more flexibility with credit or debt-to-income ratios.

- Typical down payment: 3.5%+
- More flexible credit guidelines

Best for: First-time buyers or those rebuilding credit.

VA LOAN

Available to eligible veterans and active-duty service members.

- No down payment (for eligible buyers)
- No monthly mortgage insurance

Best for: Military families maximizing earned benefits.

USDA Loan

Available in designated rural areas.

- No down payment (in eligible locations)

Best for: Buyers purchasing in qualifying areas with moderate income limits.

Understanding Debt to Income Ratio

What is DTI?

Your debt-to-income ratio compares your monthly debt obligations to your gross monthly income.

Why it matters:

Lenders use DTI to determine how comfortably you can manage a mortgage payment.

General guideline:

- Most programs prefer a DTI under 43%.
- Under 36% is considered strong.

What Counts Toward Your DTI?

- Rent or current mortgage
- Credit cards
- Auto loans
- Student loans
- Personal loans
- Minimum required debt payments

(Not utilities, subscriptions, or discretionary spending.)

Broker Insight

If your DTI is higher, there may still be strategic options, such as restructuring debt, or adjusting loan programs.



Wants vs. Needs



Before beginning the home search, I guide my clients through defining their true “Needs” versus their “Wants”. This creates clarity and keeps our search focused on what truly matters long term.

“Needs” are non-negotiable features tied to lifestyle, function, and long-term value. “Wants” are aesthetic preferences that can often be added later. Remember: you can renovate finishes, but you cannot change location, lot, or purchase price.

NEEDS MIGHT LOOK LIKE

- ✓ Enough bedrooms for your family
- ✓ First floor bedroom
- ✓ Close proximity to work or school
- ✓ Attached two-car garage
- ✓ Yard for children or pets

NEEDS

WANTS MIGHT LOOK LIKE

- ✓ Specific paint or exterior color
- ✓ Pool
- ✓ Specific flooring
- ✓ Kitchen amenities or appliances
- ✓ Walk-in shower or double vanity

WANTS

The Home Search Process



FIRST THINGS FIRST

Now that we've defined your "Needs vs. Wants," the real strategy begins.

I'll set you up on a private MLS search tailored specifically to your criteria. You'll receive real-time alerts the moment a property that fits your goals hits the market.

HOW WE SEARCH SMARTER

- I curate the search. Based on your priorities, I monitor inventory daily and send only properties that truly align.
- You'll also have access to search directly on my website. If something catches your eye, you can flag it directly and we'll review it together.
- We evaluate quickly. When the right home appears, we move decisively by reviewing market comps, and positioning strategy before you write an offer.
- Off-market opportunities. In some cases, I may identify properties not widely marketed that fit your criteria.

Broker Insight

Online searching is helpful, but strategy wins in competitive markets. Our goal isn't to see everything. It's to see the right homes that fit first.

Clarifying Your Search Preferred Areas or Neighborhoods

What area(s) are you interested in?

What draws you to those areas?

(Schools, commute, lifestyle, amenities, community, etc.)

Ideal Home Size:

Bedrooms | Bathrooms | Approximate Square Footage

Do you Prefer a single story or two Story?

Lifestyle Considerations:

(Children, pets, working from home, future plans)

Non-Negotiables:

Move-In Ready or Open to Renovation?

Anything Else I Should Factor Into Our Strategy?

During Showings

(the fun part!)

MY BEST SHOWING TIPS

- ✓ Review your “Needs vs. Wants” before each visit. Stay objective.
- ✓ Look beyond decor and staging. Focus on layout, light, and functionality.
- ✓ Consider the lot, location, and surroundings as those are permanent.
- ✓ Take notes or photos (where permitted) to help compare homes objectively later.
- ✓ Notice how the home feels, not just how it looks.

KEEP AN EYE OUT FOR

- ✓ Structural red flags
Cracks, sloping floors, water intrusion, or signs of deferred maintenance.
- ✓ Noise and external influences
Nearby roads, schools, commercial activity, etc.
- ✓ Roof and plumbing concerns
Water stains, visible patchwork, aging systems.
- ✓ Layout and flow
Does the home function well for your lifestyle?



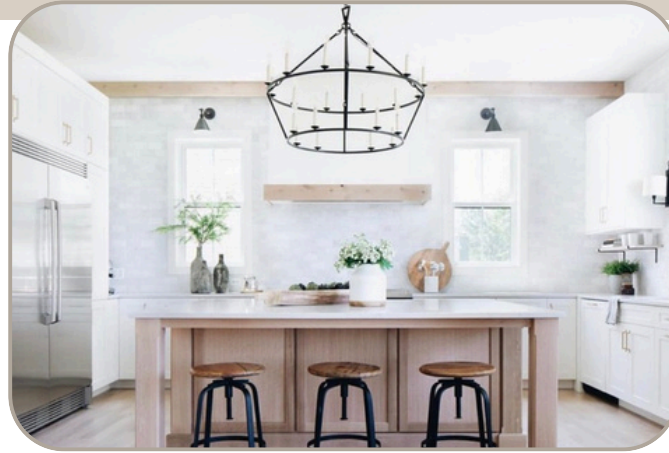
Broker Insight

Before touring homes, we'll sign a Buyer Representation Agreement.

This is required to formalize our working relationship and outlines how I represent and protect your interests.

Broker compensation is addressed in that agreement. We will request the seller pay in your offer, though it is not guaranteed. We'll review all options upfront so you can move forward confidently.

Writing your Offer



You've found "the one", now we structure the offer strategically.
Here's how we position you to compete and win.

WRITING A COMPELLING OFFER

We'll include your pre-approval letter and verified proof of funds.

As both your broker and lender, your financing is aligned before we write, giving sellers added confidence in your offer.

We gather insight into the seller's priorities.

Understanding motivation, timing, and preferred terms allows us to structure a stronger offer.

We position your price strategically.

Using comparable sales, market trends, and competition data, we determine the most competitive approach.

We optimize terms.

Closing timeline, contingencies, and deposit structure can be just as powerful as price.

UNDERSTANDING THE TERMS OF YOUR OFFER

Purchase price

This is the amount you're offering for the home. In competitive markets, price must reflect both value and strategy. We evaluate comparable sales, condition, and market momentum before determining the right approach.

Earnest money deposit

This good-faith deposit demonstrates serious intent to purchase. It's typically 1–3% of the purchase price and is held in escrow. Once the transaction closes, it applies toward your down payment or closing costs. If you cancel without a valid contingency, the deposit may be at risk.

Inspection period

Most offers include an inspection contingency, usually 7–17 days. This allows time to evaluate the property's condition. If significant issues arise, we can negotiate repairs, request credits, or cancel within the contingency period.

Contingencies

Contingencies protect you during the transaction.

- Financing contingency: Protects you if your loan cannot be secured.
- Appraisal contingency: Ensures the home appraises at or above your offer price.
- Inspection contingency: Allows renegotiation or cancellation if material issues are discovered.

We structure contingencies carefully, balancing protection with competitiveness.

Closing costs

These include lender fees, escrow, title insurance, taxes, and related transaction costs. Closing costs typically range from 2-5% of the purchase price. We review these in advance so there are no surprises.

Closing date

The agreed-upon date ownership transfers to you. While 30 days is common, we may adjust this strategically based on financing, seller needs, or competitive positioning.

Inspections & Insurance



WHAT'S A HOME INSPECTION?

A professional evaluation of the property's condition. The inspection identifies issues that may not be visible during showings. You'll receive a written report outlining findings, and I recommend attending so you can ask questions firsthand.

WHAT IS THE INSPECTION PERIOD?

Inspection periods typically last 5-17 days, depending on the contract. During this time, you have the right to investigate the property's condition and evaluate your options before contingencies are removed.

THE INSPECTION REVEALED ISSUES... WHAT ABOUT HOME INSURANCE?

It's normal for inspections to uncover items, even well maintained homes will have findings. Our focus is identifying what's minor versus what's significant. We have the option to request repairs, negotiate a credit, or, if needed, cancel within the contingency period and retain your earnest money deposit.

DO I REALLY NEED AN INSPECTION?

Yes. Even well-maintained homes can have hidden concerns such as leaks, termite damage, foundation movement, poor ventilation, aging systems, or faulty wiring. An inspection protects you from unexpected costs after closing.

WHEN SHOULD I SCHEDULE IT?

Immediately. I'll help coordinate and schedule inspections right away so we have time to review reports, obtain estimates if needed, and negotiate before the inspection contingency expires.

Once your offer is accepted, begin obtaining insurance quotes right away. Your lender will require proof of coverage before final loan approval. Rates and availability can vary, so comparing options early is wise.

Inspections Cheat Sheet

TYPE	ABOUT	AVERAGE COST
STANDARD	The standard home inspection evaluates the property's major systems and structural components, including HVAC, plumbing, electrical, roof, attic, insulation, walls, ceilings, floors, windows, doors, and foundation.	\$450 - \$750 (varies by size)
DEFENSIBLE SPACE	A defensible space inspection is an assessment by fire officials (e.g., CAL FIRE) to ensure residential property complies with vegetation management laws.	\$0-\$250 (varies by location; may be seller-covered)
TERMITE	Identifies evidence of wood-destroying pests, dry rot, or moisture damage. Some loan programs require this inspection.	\$125-\$175 (varies; sometimes seller-covered)
SEWER SCOPE	A camera inspection of the main sewer line to detect cracks, root intrusion, blockages, or pipe deterioration.	\$300 - \$600

Choosing an Inspector

You are welcome to select any licensed professional. I'm happy to provide recommendations based on your needs and the property type once we're under contract.

Inspection costs are estimates and may vary by property size, age, and complexity.

We're Under Contract!

Your offer has been accepted, congratulations!

While there are still steps before move in, you're officially on the path to closing. Here's what happens next once your home is under contract.

01

Open Escrow

Escrow (a neutral third party) begins handling funds and documents. You'll receive initial paperwork to sign and instructions for submitting your earnest money deposit.

02

Inspections & Appraisal

We'll schedule inspections promptly to evaluate the property's condition. I'll also order the appraisal to confirm the home's value supports the purchase price. If concerns arise, we'll negotiate repairs or credits as needed.

03

Submit Loan to Underwriting

We'll submit your loan application and documentation for full approval.

04

Order Insurance

Obtain coverage early. Provide insurance agent my contact info for lender info they will need.

05

Review Seller Disclosures

We'll carefully review and sign off on all disclosures and reports provided by the seller before removing contingencies.

06

Loan Signing appointment

A notary will meet with you (typically 1-2 days before closing) to sign your final loan and escrow documents. After signing, you'll wire any remaining funds needed to close.

07

Final Walkthrough

Shortly before closing, we'll confirm the property is in the agreed upon condition.

08

Closing Day

The big day! Once the county records the deed, ownership officially transfers to you. Keys are typically released later that day (per contract terms).

Understanding the Closing Numbers

Down Payment

This is the portion of the purchase price you contribute. The exact amount depends on your loan type and financing strategy (typically between 3%–20%).

Closing Costs

These are expenses associated with the entire transaction. On average, closing costs range from 2%–5% of the purchase price.

- **Origination Fees:** May apply depending on how your loan is structured. This relates to arranging and managing your financing. Not all loan structures include this fee, we'll review options together to determine the most cost-effective approach.
- **Discount Points:** Optional fees paid to reduce your interest rate.
- **Appraisal Fee:** Typically \$600-\$800.
- **Credit Report:** Generally \$150-\$200.
- **Underwriting Fee:** Covers lender loan review and approval, typically \$1000-\$1500
- **Title and Escrow:** Fees for handling the transaction and issuing title insurance. These vary based on sales price and loan amount. In many cases, they range between \$3,000–\$5,000.
- **Lender Credit:** Loan pricing is flexible. In some cases, you may receive a lender credit toward closing costs in exchange for a slightly higher interest rate.
- **Seller Credit:** In certain situations, we may negotiate for the seller to contribute toward your closing costs as part of the offer.

Prepays

These are upfront payments collected at closing for future property expenses:

- **Homeowner's Insurance Premium:** Typically the first year's premium + 2 months to establish your escrow account.
- **Property Taxes:** Lenders collect 2-8 months of property taxes at closing to establish your escrow account. This ensures funds are available when the tax bill is due.
- **Prepaid Interest:** Interest accrued from closing until your first mortgage payment.
- **Mortgage Insurance (PMI):** May apply if your down payment is less than 20%.

Estimated Funds to Bring

Down Payment + Closing Costs + Prepaid Items

You'll receive a detailed Loan Estimate early in the process and a final Closing Disclosure at least three days before signing. We'll review these together to ensure everything is clear and accurate.

YOUR NEXT CHAPTER STARTS **HERE**

“Buying a home is about more than contracts and numbers; it’s about finding a place where life happens. My goal is to make the process feel clear and supported, so you can enjoy the excitement of this new chapter. Whether it’s questions, decisions, or next steps, I’m here for you.”

Felicia Morales

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Continue your journey

