

GUAM REAL ESTATE | HOME BUYER GUIDE

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PLATINUM PROPERTIES



BY PLATINUM PROPERTIES

*A Comprehensive Guide to Buying a Home
in Guam*



WHY INVEST IN REAL ESTATE?

TANGIBLE ASSET

Unlike stocks and bonds, which represent ownership stakes in companies or debt obligations, real estate investments involve tangible assets such as land and buildings. This tangibility provides a sense of security and stability, as investors have something physical to hold onto and derive value from.

LEVERAGE

Leverage is a powerful tool that can magnify your potential returns and accelerate wealth accumulation. Leveraging involves using borrowed capital, such as a mortgage, to finance a portion of the investment property's purchase price.

GENERATE INCOME

Cash Flow: Real estate investments, particularly rental properties, can provide a consistent stream of income in the form of monthly rental payments.

Diversification: Income from real estate investments adds diversification to an investor's portfolio, reducing overall risk.

Appreciation Potential: In addition to rental income, real estate investments have the potential for capital appreciation over the long term.

The Home Buying Process on Guam

Every home buying journey is unique and come with its own set of challenges and variables. However, here's a general outline of the home buying process on Guam.

Determine Your Budget

Before you start browsing listings, it's crucial to determine how much you can afford to spend on a home. Consider factors such as your income, savings, existing debt, and future expenses.

Hire A Lender & Get Pre-Approved

Once you have a clear understanding of your budget, the next step is to get pre-approved for a mortgage. This involves meeting with a lender to review your financial situation and determine how much you can borrow.

Hire A Real Estate Agent

Working with a local real estate agent who is familiar with the Guam market can streamline the home buying process and help you find properties that meet your criteria.

Go Shopping

With the help of your real estate agent, you can start exploring available properties on Guam that match your preferences and budget.

Submit Your Offer

Once you've found a home you love, work with your agent to prepare and submit an offer to the seller. Your offer will include the purchase price, contingencies, and any other terms you wish to negotiate.

Inspection Period

After your offer is accepted and both parties have opened escrow, schedule a home inspection to assess the property's condition and identify any potential issues.

Secure Financing

Once the inspection contingencies have been satisfied, finalize your mortgage financing with your lender.

Closing

The final step in the home buying process is closing the deal, where all parties sign the necessary paperwork to transfer ownership of the property. This typically takes place at the title and escrow company assigned to handle the escrow process.

TYPES OF FINANCE OFFERS

CASH

A cash offer when buying a home can offer several benefits, including a faster closing process, greater certainty for sellers, increased negotiating power, competitive advantages, potential cost savings, a simplified transaction process, and privacy and confidentiality.

CONVENTIONAL LOANS

A conventional loan is a type of mortgage that is not insured or guaranteed by a government agency. Unlike government-backed loans such as FHA loans, VA loans, or USDA loans, conventional loans are funded and insured by private lenders or financial institutions.

GOVERNMENT BACKED LOAN

A government-backed loan is a type of mortgage that is guaranteed or insured by a government agency, providing additional security to lenders and making it easier for borrowers to qualify for financing.

TYPES OF GOVERNMENT BACKED LOANS

FHA Loans (Federal Housing Administration)

FHA loans are insured by the Federal Housing Administration, a part of the U.S. Department of Housing and Urban Development (HUD). FHA loans typically require lower down payments and have more flexible credit requirements compared to conventional loans.

VA Loans (Department of Veterans Affairs)

VA loans are available to eligible military service members, veterans, and their families. They are guaranteed by the Department of Veterans Affairs, offering favorable terms such as no down payment requirements, competitive interest rates, and limited closing costs.

USDA Loans (U.S. Department of Agriculture)

USDA loans are backed by the U.S. Department of Agriculture and are designed to promote homeownership in rural and suburban areas. These loans offer 100% financing, meaning no down payment is required for eligible borrowers.

What is ESCROW?

Escrow is a process that occurs during a real estate transaction to ensure that all parties involved fulfill their obligations before the sale is completed. It serves as a neutral third-party intermediary that holds funds and documents until certain conditions are met.

When selling a home, the escrow process typically involves the following steps:

Offer Acceptance: Once the buyer and seller agree on the terms of the sale and sign a purchase agreement, the escrow process begins.

Earnest Money Deposit: The buyer may be required to provide an earnest money deposit, which is a sum of money that demonstrates their serious intent to purchase the property.

Inspections and Contingencies: During the escrow period, the buyer may conduct inspections and address any contingencies outlined in the purchase agreement.

Title Search and Insurance: The escrow agent may conduct a title search to ensure that the property has a clear title and is free from any liens or encumbrances.

Loan Approval: If the buyer is obtaining financing, the lender will conduct a thorough review of the borrower's financial information and the property's appraisal to approve the loan.

Closing Documents: Prior to closing, the escrow agent will prepare the necessary closing documents, including the deed, mortgage documents, and other legal paperwork.

Closing: Once all conditions have been satisfied, the parties will schedule a closing date. During the closing, the buyer will sign the necessary documents, pay any remaining funds due (such as the down payment and closing costs), and receive the keys to the property.

Distribution of Funds: The escrow agent will distribute the funds to the appropriate parties, including the seller, real estate agents, lenders, and any other parties involved in the transaction.

Recording: After closing, the deed and mortgage documents will be recorded with the appropriate government office to officially transfer ownership of the property and establish the lender's lien on the property.

Close!

EARNEST MONEY DEPOSIT

An earnest money deposit (EMD), also known as a good faith deposit, is a sum of money that a buyer provides to demonstrate their serious intent to purchase a property when making an offer to buy a home.

The earnest money deposit is typically held in escrow, meaning it is held by a neutral third party, such as a title & escrow company, until the sale is finalized.

In Guam, there are only 3 title and escrow companies. Title Guaranty, Security Title, and Pacific American Title.

There is no set amount of how much a buyer should deposit in their offer. However, the higher the amount, the more serious the buyers will look to the seller.

Generally on Guam, buyers typically put down 1% of the purchase price as their earnest money deposit.



BUYER INSPECTION PERIOD

The home buyer inspection period, also known as the due diligence period or the inspection contingency period, is a specific timeframe during which a buyer has the opportunity to conduct inspections and investigations on a property they intend to purchase.

This period is typically outlined in the purchase agreement or contract between the buyer and seller and allows the buyer to assess the condition of the property and identify any potential issues before finalizing the sale. Generally if buyers are not satisfied with the condition of the home and are not able to come to a mutual agreement with seller to move forward, buyers may choose to cancel the transaction and get their earnest money deposit back.

General Home Inspection Pricing Estimates On Guam (can be more or less)

Single Family: \$500 - \$800

Townhome: \$400 - \$550

Condo: \$350 - \$500



APPRAISAL

An appraisal is an unbiased estimate of the fair market value of a property conducted by a licensed or certified appraiser. When buying a home with a loan, an appraisal is typically ordered by the lender to ensure that the property's value is sufficient to support the loan amount being requested by the buyer.

- Appraisals are required by mortgage lender to close when buying with a loan
- Paid for by the Buyer. Typically due on closing date. However some lenders may require payment in order to schedule the appraisal.
- The purpose of the appraisal is to identify the fair market value of the property. Lenders will generally only loan up to what the home appraises for.

CLOSING

The closing process is the final step in the home buying process. Here's an overview of what the closing process typically entails:

Final Walk-Through: Before closing, the buyer usually has the opportunity to conduct a final walk-through of the property to ensure that it is in the same condition as when the purchase agreement was signed.

Review Closing Disclosure: The buyer will receive a closing disclosure from the lender at least three business days before closing. The closing disclosure provides a detailed breakdown of all closing costs, loan terms, and other financial details related to the transaction.

Schedule Closing Appointment: The closing is typically scheduled at a mutually convenient time and location, such as the offices of a title company or real estate attorney. All parties involved in the transaction, including the buyer, seller, real estate agents, and lender, may be present at the closing.

Signing Documents: At the closing, the buyer and seller will sign a variety of documents required to complete the transaction. These documents may include the purchase agreement, loan documents, title documents, and any additional paperwork specific to the transaction.

Funding and Transfer of Funds: Once all documents are signed, the lender will fund the loan by transferring the loan proceeds to the seller or their agent.

Title Transfer: After funding has occurred, the title company or closing agent will ensure that all necessary paperwork is properly executed and recorded with the appropriate government office.

Receiving Keys: Once the closing process is complete and all funds have been disbursed, the buyer will receive the keys to the property.

Celebration: With the closing process complete, the buyer can celebrate becoming a homeowner! They can now move into their new home and begin enjoying the benefits of homeownership.

ABOUT PLATINUM PROPERTIES

Founded in 2012 by Ronald Pangilinan, Platinum Properties is a real estate brokerage in Guam, built on a vision of growth, opportunity, and meaningful connections. From its humble beginnings in Sinajana to its current home in Tamuning, Platinum Properties has grown into what is currently the largest real estate brokerage firm in Guam, reflecting its continued growth and strong presence in the island's real estate industry.

More than just a real estate brokerage, Platinum Properties is a dynamic, people-driven company that believes success begins with a strong team, a positive environment, and a shared commitment to helping people find opportunities in Guam's real estate market.

Our company is known for its dynamic energy, bright atmosphere, and friendly culture. We value collaboration, encourage professional growth, and strive to create an environment where real estate professionals can thrive while working toward shared goals.

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