

# HOME BUYER GUIDE

INCLUDING HOW TO SAVE MONEY  
BUYING YOUR NEXT HOME



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## YOUR HOME BUYER GUIDE

Homeownership is the American dream. However, the process in which to purchase a home can prove to be a daunting task. There are many factors you and your family will need to take into consideration, such as the neighborhood community you want to live in, how many bedrooms and bathrooms you need and how a lender will approve you for.

The good news is you are not the first person to ever buy a home. Millions and millions of people have gone before you to help pave the road of success for your home buying experience. This guide is designed to help you learn from their mistakes as well as their successes.

As you can imagine, the home buying experience is plagued with hundreds of decisions, some small and some big, for you to sift through and make. Unfortunately, for some home buyers, bad decisions



have resulted in unnecessarily poor outcomes and financial duress. There is no way to identify and address in this guide each potential pitfall you might face. However, before you start, here are the top tips on *How to Be a Smarter Home Buyer*.

## #1 Setting Reasonable Expectations

Most home buyers dream of living in a mansion with a pool and a basement in the most expensive neighborhood in town. However, for most Americans, this may be an unrealistic expectation. Though that right home is out there, you need to make sure you set reasonable and realistic expectations. The last thing you want for you and your family is to pay too much for a home and find yourselves cash strapped and ultimately not being able to afford your new house.

We've all heard the expression, "Keeping up with the Jones'." Don't worry about the Jones'! Don't worry about what they do for a living, what kind of cars they drive, where they vacation and most importantly, where and how big their home is. Your number one concern should be about you and your family. No one is going to



do your job for you, no one is going to buy you an expensive car and no one is going to make your mortgage payments for you. If you do have that person in your life, stay close to them.

When setting your realistic expectations, here are some of the criteria you may be considering when making tough decisions in your next home:

- What cities and areas best fit your lifestyle and community needs?
- How many bedrooms and bathrooms do you need in your home?
- How big of a home (square footage) are you looking for?

- Do you need an extended garage, three-car garage or RV parking?
- How old is the home? What are the advantages and disadvantages of a new home vs. resale?
- Are there any specific amenities that you require, such as tile, den, office, family room, swimming pool or large backyard?
- Are commute times a factor?

These are but a few questions you must tackle. Be realistic in your expectations and avoid setting you and your family up for disappointment.

## **#2 Know What You Can Afford**

Setting realistic expectations begins with determining how much home you can afford. One of the biggest mistakes homebuyers make is beginning the process of looking at homes without knowing if they can qualify for a new home and how much they qualify for. Time is our most precious commodity and no one wants to waste any.

Put yourself in the seller's shoes. They don't want to waste their time and miss out on any other offers to only find out you are not qualified to buy their home. Most sellers will refuse to accept any offers without a loan prequalification letter, which is simply a statement from a lender indicating you have been pre-qualified for a mortgage.



That is why you should start the process by talking with a mortgage lender. A lender knows what information to collect from you, how to run a credit check and how to determine if you are in a position to buy a home. Imagine spending weekends looking at dozens of homes only to find out you are 12 months away from making your dream of homeownership a reality. In the event you are not able to qualify for a home, a qualified lender can help map out a plan to ensure you are in a position to buy in the future.

It's important to understand that a lender will require a great deal of information and may ask personal questions and for documents such as bank statements, tax returns and paystubs. It is critical that you provide them with everything they ask for and to be upfront about your financial situation. Remember, they are on your side and want nothing more than to help your dream of homeownership come true.



It's similar to going to the doctor. In order for them to accurately diagnose your condition, they need to know everything about your health and medical history.

You don't want to have the wrong procedure performed on you or be prescribed the wrong medicine because you didn't tell them everything.

Also, just because you talk to a specific lender doesn't mean you have to use them. You always have the flexibility to talk to other lenders at any time to ensure you get the best possible loan program available.

With that being said, there are many lenders to choose from and it may be overwhelming sifting through all of them as you consider who is the right fit for your unique situation. The best place to start is with your REALTOR® or real estate agent. They generally have close relationships with several mortgage lenders and are in the best position to offer a qualified recommendation.



The home buying experience can be challenging. Having a lender and real estate agent who have a great working relationship is ideal for minimizing stress and confusion. However, keep in mind that you are not required to use any lender your real estate agent recommends. The choice is yours.

### **#3 Utilizing an Experienced Real Estate Professional**

One of the greatest real estate myths out there is the notion you can save more money when purchasing a home by doing it alone. Statistics suggest that this notion couldn't be further from the truth. Statistically speaking, most buyers will end up

paying more for a home without the expertise and negotiation skills of an experienced licensed REALTOR®.

In addition, in almost all home buying cases, the seller pays for your real estate broker's commission. So, it will cost you nothing to have a real estate expert in your corner. Imagine your doctor forgoing payment for your next medical procedure.

There are many steps to buying a home. The most important step of them all is finding the right properties to consider. Your real estate agent has access to the area Multiple Listing Service which is an online database that gives them access to every home in the area that has been listed by another real estate agent. Keep in mind that the majority of homes for sale are listed with a real estate agent.

Though there are many consumer sites you could use, such as Realtor.com, Zillow.com or Trulia.com, the Multiple Listing Service is the most detailed and up-to-date database of all available homes. Don't waste your time on these other sites becoming excited about a property only to find out it sold two years ago. Data is everything. Why wouldn't you want access to the most accurate list the homes for sale?

After determining the number of bedrooms, bathrooms, size and specific features you are looking for, your real estate agent will be able to provide you with a detailed comprehensive list of all available homes that meet your specific criteria.

Now you can choose which homes you want your agent to show you. In addition, your agent will have access to these homes to show you at your convenience.

**[CLICK HERE TO START YOUR HOME SEARCH NOW](#)**

There are also many other steps associated with closing on a home, such as opening escrow, obtaining a title report, ordering a termite and home inspection, ordering utilities, ordering homeowners insurance and so on. You can't afford to miss any of these important steps. Your real estate agent's primary goal is for a seamless close on your new home and will help you ensure no stone is left unturned.



Having an experienced real estate professional representing you is your best bet in ensuring no mistakes are made and that you and your family are not taken advantage of. Imagine being charged of a crime and facing the prosecutor in court without your own representation. Chances are you would not know all the nuances of navigating a courtroom and your outcome would likely be less than ideal. Remember, in a home buying scenario, the other side will pay for your agent's fees.

Smart homebuyers understand the importance of knowledge and utilizing all the tools available to them. An experienced real estate agent will make sure you have that knowledge, understand the entire process of buying a home and make sure you

are equipped with the necessary tools for a successful close on your next home.

#### **#4 Relying on Verbal Agreements – Get Everything in Writing**

As unfortunate as it is, we are long past the days where a simple handshake will do the job. The days of our grandparents have long past. Get everything in writing. Verbal agreements often come down to “He said, she said” and have little consideration in the courtroom.

Many homebuyers make the mistake of assuming everything they see in the home comes with the home. Many find themselves surprised at closing to learn the drapes or gone or the storage shed in the backyard has been removed.

Common issues deal with window treatments, lighting fixtures and shower and bath fixtures. In some cases, sellers replace original appliances with ones that are less favorable. A detailed contract put in writing that addresses these items are not only legally enforceable, it minimizes confusion of what comes with the home and what duties should be expected from all parties involved in your transaction.

Your real estate agent has access to every legally binding real estate form available regarding real estate transactions. Not only do they have access to these forms, they should understand the contents within them, what they mean and what forms should be used for every possible scenario that pops up. These forms are specifically designed to protect your new investment.

Unless you are a real estate attorney, chances are you do not know where to find real estate forms, how to complete them, what they mean and when and where to use them. In addition, you are not permitted to use these forms unless you are a REALTOR®.



Though there are generic forms available on the Internet that you may be tempted to use them, they are not necessarily approved for use by our local real estate association. Many of these forms can leave you with the false impression you are protected and put your financial future in jeopardy.

Protect your investment and your future by getting everything in writing and by using the right forms. Let your real estate professional help protect you and help you navigate the legal forms required in your real estate purchase.

It should also be noted that you may still have questions regarding the forms you are signing. Never sign anything unless you feel comfortable in knowing exactly what you are signing and agreeing to. You always have the right to consult with a real estate attorney for further clarification.

## **#5 Doing Your Homework about Local Schools and Neighborhoods**

There are so many factors to consider when finding the right home, especially when kids are involved. All parents understand that location is everything. You will

need to determine what neighborhoods fit your family's lifestyle needs and what type of schools and districts offer the best education opportunities for your children.

It's very common for prospective buyers to ask their real estate agent about neighborhood safety, demographics and quality of schools. Though your real estate professional can help you determine what neighborhoods and areas have a better chance of holding their values, Fair Housing Laws limit your agent from answering certain types of questions regarding neighborhoods. It's important to do your own homework.

When it comes down to determining neighborhood safety, you may want to consider contacting the local police department and request information on crime statistics and types of crimes committed that may be common in your desired neighborhood. Websites such as [www.familywatchdog.us](http://www.familywatchdog.us) and [www.spotcrime.com](http://www.spotcrime.com) are also great online resources.

If you have children of school age, you will need to consider what schools you would like them to attend, whether private or public. Your real estate agent should be able to provide you with a list of available websites that can provide you detailed information on schools and school districts, such as ratings, designations and any awards received based on performance. Check out local schools. We recommend checking out [GreatSchools.org](http://GreatSchools.org).

Please note that it is “illegal” for your real estate professional to make any comments or answer any questions regarding race, color, religion, national origin, sex, disability and familial status relating to any areas or neighborhoods. Your REALTOR® can find themselves in a lot of hot water and set themselves up for a lawsuit by answering such questions. However, they should be able to point you in the right direction to help you do your own homework and form your own opinions.

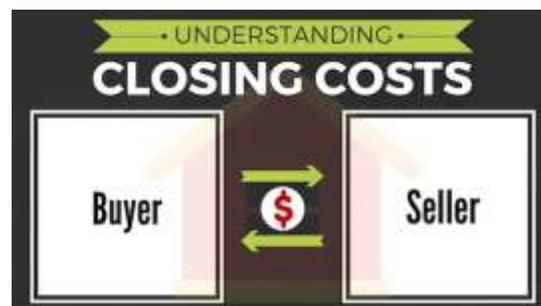
Also, you may want to consider taking a drive through any neighborhoods that you are thinking about moving to. Driving through at different times of day is also helpful to see the activity of a neighborhood. This may help answer any questions you have about certain areas and neighborhoods.

## **#6 Remembering to Factor in Closings Costs**

Most homebuyers understand they will need to have a down payment in order to close on their new home. They factor this amount, save and hopefully have access to those funds when the time comes. However, many buyers, especially those who do not have the convenience, advice and access to a REALTOR®, fail to realize there are other fees associated with a home buying transaction above the down payment. In some instances, homebuyers lack these additional funds to close on their new home and find themselves in jeopardy of losing the home and forfeiting their earnest money, which could be thousands of dollars.

These fees are referred to as closing costs and/or pre-paids. Some of these additional fees and costs may include:

- Lender fees
- Impounds
- Taxes
- Appraisal Fee
- Credit Report Fee
- Escrow Fee
- Title Fee
- Homeowner's Insurance Fees
- Homeowner Association Fees
- Recording Fees



Though the fees may seem endless, take comfort in the fact these fees are normal in any home purchase transaction.

You may be wondering how much additional money you should expect to have to close on your new home. Unfortunately, each property and transaction is unique and there is no way to provide an exact amount. For instance, in some scenarios, you might be able to get the seller to pay for some of these fees. This would obviously change your out-of-pocket costs.

This is where your real estate professional comes in. They will be able to help you estimate your closing costs as well as ensure your lender provides you with a Good Faith Estimate (GFE). Your agent or escrow officer can go over the GFE line-by-line so you have a clearer picture of all costs associated with your home purchase.

### **#7 Make a List of “Musts” & “Wants”**

Again, setting realistic expectations is an important part of the home buying experience. This is where you put the concept to paper. It’s time to write down the items and amenities you simply “want” and from those you “must” have in your next home.

This starts by compiling a list of “musts” and “wants” for your new home. “Musts” are those items and amenities that absolutely must have in the home. You could refer to them as deal breakers. A deal breaker is something that will “kill” the deal as far as you are concerned. Examples of deal breakers may include the size of the home, where the laundry facilities are located, whether the home has a basement or whether the home has a pool. Make sure that your “musts” list isn’t too long. There is no such thing as the perfect home.



Now it’s time to compile your list of “wants.” These are features that you would like in the home, but may not be considered to be deal breakers. Examples of “wants” may include window coverings, ceiling fans, type of counter tops and

flooring. Again, avoid making the list too long and extensive or you run the risk of making the home-buying experience too long and drawn out.

When it's time to go looking at homes, make sure to bring both lists. As you walk through a home, begin to check off the features that are included on your "musts" and "wants" lists. This will help make the final selection process easier.

It's very common to look at several properties during each outing and the properties can begin to run together in your mind. In addition, it's likely that you may have a difficult time remembering the details of each property. You will want to take detailed notes for each property so you can remember what you liked and disliked about each property.

As you view a property, write down anything that you notice. For instance, the color of the carpet, type of flooring, whether the master bathroom has a separate tub and shower, what appliances come with the house and the type of



landscaping is in the front yard. Don't hesitate to take pictures of the properties you view. You can even name properties to make it easier, like the "Green Carpeted House."

Another helpful strategy to consider is rating each home you view on a scale of 1 to 10. The rating system should primarily be based on your lists of "musts."

This will allow you to quickly eliminate any properties that don't meet your needs.

### **Final Thought**

As you can imagine, the list of tasks and considerations to make when purchasing a home appears endless. The entirety of the process can be overwhelming and divert your attention away from what really matters – finding the right house for the right price for you and your family.

As your agent, we are committed to helping your dreams of homeownership come true. We will not only help you avoid the costly pitfalls and mistakes other buyers make, we will make sure you understand the home buying process and make that process as seamless as possible. Our goal is to protect you and your family's financial future can get you into your next home. Learn more about purchasing your dream home.

**CONTACT US TODAY TO PROVIDE YOU EXCELLENT CUSTOMER SERVICE!**

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