

Real Estate

BUYING GUIDE



- SHOPPING FOR A MORTGAGE

- FINDING A GOOD VALUE

- BUYING TIPS AND ADVICE

- REAL ESTATE TRENDS

AND MORE!

Do Financial Homework

WHAT TO KNOW ABOUT YOUR CREDIT BEFORE BUYING A HOME

Before you go house hunting, it's a good idea to investigate your credit and make the necessary adjustments. Your credit score will determine your accessibility to lower interest rates and ultimately how much you will pay for a piece of property over the life of the loan.

The long-term financial plan is just as important as the short-term gain when acquiring the property. So get busy to find out what your credit score is and how you may improve your score to secure the best lending options.

AGENCIES

The three main credit reporting bureaus are Equifax, TransUnion and Experian. We are all their clients whether we like it or not, for better or for worse.

The good news is that the big three credit bureaus will issue you one free credit report once a year. Simply put your request into writing and obtain your credit score from all three agencies. These are the same companies that your home loan lender will be contacting, so give yourself a head start to correct what you can.

In general, the higher your credit score, the more attractive your loan options will be. A good credit score translates into a lower interest rate, and in some cases, a lower down payment.

If you find your credit score to be less than what you need to secure a top quality loan, it makes good sense to raise your credit score before you purchase property.

CREDIT SCORES

The credit score is a numbers game. Whenever you make on-time payments you are rewarded, and late payments get a credit score ding. The object of the credit game is to get more good points



PHOTO: YURL_ARCOURS / YAYMICRO.COM

A good loan officer can meet with you ahead of time to let you know what options you qualify for and how to improve your credit.

by overtaking the bad ones.

One way to raise a credit score is to get a credit card, or a series of them, with low interest rates and start charging your purchases. However, self control is key to obtaining a rapid rise in your score.

Only purchase items that you have the money to pay off on-time, and buy just your monthly essentials on credit. After less than a year of smart credit planning, your score will have improved and you are on your way to a

better mortgage loan.

If you rack up debt by carrying a balance on your cards every month, it could end up hurting your credit score.

GET PRE-QUALIFIED

Time is money, and neither you nor your buyer's agent wants to waste time looking at properties that you cannot afford.

Your loan officer will take away the house hunting woes by issuing you a

pre-qualifying letter for lending. This document indicates the limit of your loan, the interest rate, and payment structure you may expect.

Buying with confidence begins with understanding how much of a loan you qualify for and that there is a lender ready to back you. In addition, many real estate agents and brokers want to see the pre-qualifying letter to ensure that you are a serious buyer and that they may better understand how to serve your buying needs.

Avoid Surprises

HOW TO ELIMINATE PROBLEMS AT THE CLOSING TABLE

Some things in life are a welcome surprise, and some people thrive on that feeling of "winging it." A real estate transaction, however, isn't something you should do on the fly.

When you are buying or selling a piece of property, knowledge is power and answers are everything. All cards must be on the table to have a hassle-free transfer of property.

Whether you are buying or selling, be sure to hire a qualified and experienced real estate agent.

KNOW YOUR TERMS

The fine print in loan documentation can sometimes cause unwanted headaches at closing. Your loan contract is full of terms and agreements that, when breached, could result in the forfeiture of the home.

A qualified loan officer is there to serve you, breaking down all the terms and conditions into layman's language. The borrower needs to understand what each loan product means in terms of repayment, interest rate, and the difference between a steady fixed rate loan or an adjustable rate loan.

Knowing what you'll pay over the life of a loan can also be helpful, and a good mortgage broker will be able to walk you through everything from points to pre-pays before the closing table so that things go as smoothly as possible.

CLOSING COSTS

Your agent will probably show you a run-down of what to expect come closing day. You'll have your responsibilities and the seller with have theirs. You can request the seller to pay for things you normally would as incentive for you to buy their house. Check with your agent for what would be fair to ask in your market.

The buyer and seller need to be on the same page with the closing

agreements and have everything put into writing. There are no valid verbal agreements in the real estate game, so be sure your real estate agent has all the terms and conditions written in the contract. It's also best to know ahead of time what items will be included in the sale, such as appliances, swing sets, curtains and the like.

TIE UP LOOSE ENDS

Closing day should be easy and painless. To make that happen you'll need to have all your loan paperwork done, inspections and repairs finished, and most likely a cashier's check in hand when you walk into your closing. Knowing the amount of the check ahead of time and getting to the bank to have it made it as early as possible will make your closing go like clockwork.

THOUGHTS ON HOME TITLES

Once a home is purchased, a title to the property will be issued to the new owners. In most cases, a husband and wife will have both names added to the title.

However, in some cases, the property title is going to be shared with another party that was involved with the purchase. This may include friends or family of the primary buyer, or anyone else they see fit.

Putting someone on the title to your new home may seem like a benevolent gesture, but buyer beware for complications down the road. A property may not be resold until all parties on the title have consented and sign for the sale.

It's also possible for property to be taken to pay damages in any type of lawsuit of the title holders may be involved in.



Considering a Historic Home?

SEVEN THINGS TO CHECK BEFORE BUYING AN OLDER PROPERTY

Buying an older or historic home may be a romantic notion, but there are a few critical things to consider. Your home may be the biggest purchase of your life, so you want to protect your investment by knowing what to expect beforehand.

1. PLUMBING

Replacing the plumbing is a major expense and can tear up the flooring in your new dream home. Ask if the home is using the original plumbing system, how many rooms are operating on it, and what date contemporary plumbing was added.

2. ELECTRICAL SYSTEMS

The electrical wiring is not only essential for energy. If the wiring is too old or done improperly it could pose a serious fire hazard. Bringing the electrical system up to code could be expensive, but this is one corner you cannot cut. Safety comes first, and whatever your trusted electrician recommends, do it.

3. A SOLID FOUNDATION

The era when a historical home was built most likely pre-dates the age of careful foundation calculation. Be sure to hire an inspector to verify if the home can support a second floor and double check to find out if the upper level was an add-on. In addition, property located



PHOTO: MIMS / YAYMICRO.COM

Historic homes can be charming, and buyers should be fully informed when making the purchase.

in earthquake zones or subject to floods may have suffered faults in the foundation.

4. INSULATION

The insulation is an easy

feature to fix, and you will probably have to upgrade or replace it when buying an older home. Before you buy, it is wise to get an estimate and decide if you can live with the upgrade costs.

5. TERMITE DAMAGE

Termite inspection is a standard practice in the transfer of property today. However, older homes may

not have had proper termite control treatments. Long-term damage can weaken the structure and foundation and cost you quite a bit to mend.

6. OUTDATED FIXTURES

Homes built in and before the 1970s have a personality all their own. Built-in features, such as wet bars and cumbersome bookcases, can disrupt the flow of a room and limit your placement of furnishings. To save yourself some grief down the road, be sure to envision the living space as you would like to have it and do a calculation for the removal of built-in objects or closed-off walls.

7. WATER DAMAGE

Your dream home may have a few cracks in the walls or water stains on the ceiling. The cosmetic repairs are a snap to fix, but finding the source that created the dings can be a problem.

Water damage is a severe repair and can also contribute to mold setting in. It's better to be safe than sorry, so get everything checked out by a professional.

Get a Professional Opinion

WHY IT'S IMPORTANT TO HIRE A GOOD HOME INSPECTOR

Buying a home may be the biggest purchase of your life, so you want to ensure your investment is worthy of its price tag.

Hiring a qualified home inspector can save you thousands of dollars with finding unseen repairs and hidden expenses not visible when you do your walk through the property.

WHAT DO THEY FIND?

A home inspector goes under the house to check the plumbing and verifies that safety code measures meet with your county officials and city ordinances.

He or she will also check for faulty electrical wiring, look for proper insulation and ventilation, check the roof for any leakage or weakened surfaces in need of repair, ensure that the home's structural system is sound and built according to city codes, and inspect the interior and exterior of the property for damage.

CERTIFIED HOME INSPECTORS ONLY

A certified home inspector is a licensed professional that will eval-

uate a property without bias towards the seller or buyer. You may investigate the credentials of your proposed home inspection company through the American Society of Home Inspectors to ensure their license is current and there are no disciplinary actions taken against them.

THE COST

The cost of a certified inspection service will vary from one company to the next and should be in a reasonable price range for an average sized home. In most cases, they require payment up front, whether you opt to purchase the home or not.

If your desired property is lacking in the essential functions of the home, your home inspector may give you an estimate for the repairs and better equip you to make a decision if the property is worth the asking price or not.

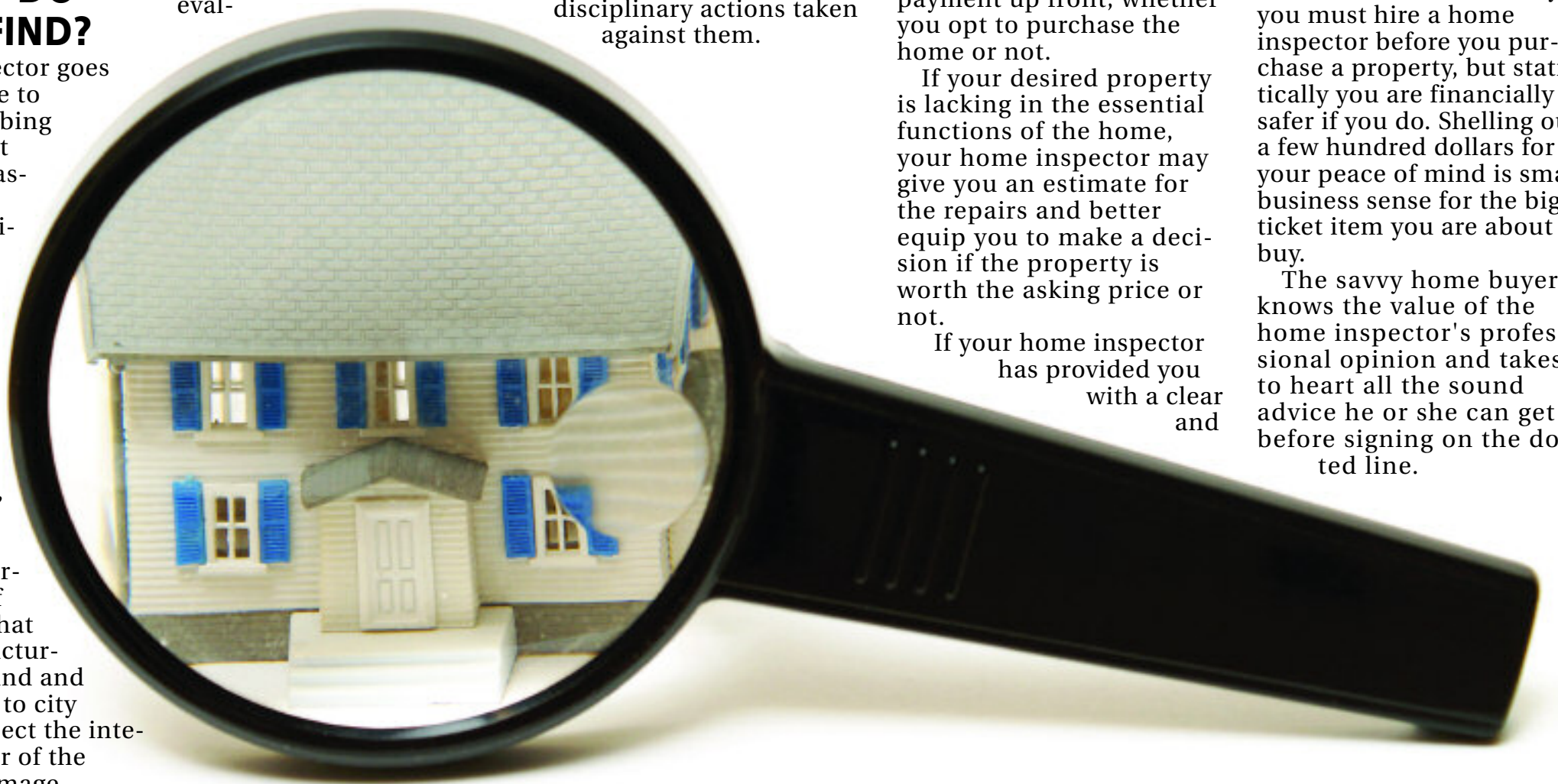
If your home inspector has provided you with a clear and

concise report, you may wish to keep that company on file and use their services again.

ARE THEY REQUIRED?

There is no law that says you must hire a home inspector before you purchase a property, but statistically you are financially safer if you do. Shelling out a few hundred dollars for your peace of mind is smart business sense for the big-ticket item you are about to buy.

The savvy home buyer knows the value of the home inspector's professional opinion and takes to heart all the sound advice he or she can get before signing on the dotted line.



How to Shop for a Loan

It makes good sense to shop wisely when it comes time for your home financing.

Whether you wish to remain in the home for decades or need funding for a home designated for short-term use, there's a mortgage plan that will help you accomplish your goals and meet your monthly budget.

FIXED RATE MORTGAGES

The life of the loan is important to establish your monthly payment according to interest rates and how much you can afford with the payments.

Shorter term loans will have a higher monthly payment when opting for a 15-year payoff as opposed to a 30- or 40-year fixed rate. The benefit of securing a fixed-rate long-term loan enables the borrower to guard against fluctuating interest rates and surprise price hikes for the life of the loan, a choice that is ideal for borrowers who plan to remain in the property for many years.

ARM LOANS

The adjustable rate mortgage, or ARM loan, is set with the current interest rate that the borrower's credit score is qualified for. This type of loan may be designated for a two-, five- or seven-year period and may be set with a very low rate. Although the monthly payment is lower at first, the ARM has a date when the loan will adjust and therefore be subject to the current interest rate at that moment.

In an economy where nothing is certain, an ARM mortgage loan makes good sense for a home buyer who does not intend to remain in the

property for a great length of time. If the property was purchased due to a job transfer, temporary residence or investment purposes only, then an ARM can be a practical loan.

FHA FUNDING

First-time borrowers and those who need financial assistance to get into a property may apply for FHA lending services. The FHA is a guarantor over a conventional loan to secure the funding if the buyer defaults. This type of funding will cover up to 96.5 percent of the total loan balance, thus requiring a minimal down payment of less than 4 percent.

In addition, home buying applicants with challenged credit are encouraged to apply, and special discounts and incentives are made available for public service employees with variable guidelines for each state. FHA loans are fast, easy to secure and carry minimal applicant restrictions, making this type of mortgage option a popular choice for new buyers.

GET THE FACTS

Before you sign on the dotted line, it is crucial that you understand your loan documents one page at a time.

Real estate paperwork is extensive and confusing to even the most seasoned contract reader, and once you sign the document before a notary, you are fully responsible by law to fulfill the terms and agreements.

A good loan officer will be able to walk you through the papers and make you feel at ease to ask any and all questions you may have.



Find the Right Neighborhood

FIVE FACTORS THAT MAKE VALUES GO UP OVER TIME

Choosing a good neighborhood — or one that offers promise — can increase the value of your home.

They say it's better to buy the least expensive house in a good neighborhood than to buy the best house in a bad one. Houses are more than just a roof over your head. They are part of larger community.

Some of the factors to consider when you purchase your next home include the following:

1. GOOD SCHOOLS

Whether you have children or not, choosing a neighborhood with good schools makes good sense.

The re-sale value of the property goes up when the prospective buyers can be assured that the community schools are recommended. You may inquire of your real estate agent to get educational information about school districts near your prospective dream home.

Facts such as driving distance from the house, honors and decorations to the school staff, and quality of the school campus can make or break the future real estate deal.

2. NEIGHBORHOOD AMENITIES

The piece of real estate you have

your eye on may seem like perfection until you weigh in the benefits from the local community.

Be sure to ask your agent how far essential businesses are from the property's front door. This would include grocery stores, gas stations, hospitals and moderate- to low-cost dining options. In some cases, a property that is near entertainment and shopping malls can be a big plus to the future buyers.

3. NEW CONSTRUCTION

Many cities and towns across the nation are undergoing a makeover one home at a time. Older and antiquated properties are being replaced by newer and more fashionable dwellings.

Though the area of concentration for your search may be in a low-cost

region, keep an eye out for newer homes shooting up by the local residences. The immediate area where your home is located is upgraded as the city begins to improve.

4. NEW COMMUNITIES

If you need an iron-clad guarantee that the city is going to be fresh and new, you may opt to purchase in an up-and-coming municipality.

New homes built on the outskirts of cities are a telltale sign that the region is expanding. Get your slice of paradise a little further out from the city center and watch a new world shoot up around you.

The flip side to the new community utopia is that you don't know exactly when things are going to get started. It may be months or it may be years, but

you can bank on a vibrant new city being on the way.

5. LOW CRIME RATES

Crime statistics from almost every neighborhood are provided by the local law enforcement officials and their community relations departments. The statistics break down the rate of crime and the severity with a distinct separation of violent and non-violent crimes.

Petty thefts and misdemeanors should not always deter your decision to buy a home in that area. These low-level kinds of crimes will be found everywhere in the world — and may actually be a factor of different reporting requirements as opposed to real differences in crime rates — so they are not always a major concern.



Latest Trends in New Homes

Traditional home construction has its place with style, grace and aesthetic beauty, but those older homes sometimes fail to meet the needs of today's savvy buyers.

We are all as different and unique as our fingerprints, and your dream home should fit you like a glove. Take your time and shop the market for all the perks and perfections that your new-construction home buying budget can buy.

GOING GREEN AND SAVE MONEY

The buzz word today is "green," and the finer newly constructed houses have mastered this art to perfection.

Energy-saving home features include alternative energy resources that not only protect the environment but also keep the utility costs down. Solar paneling and wind generation power along with a combination of other money-saving strategies are perks found in some modern neighborhoods.

Ask your builder to double-up on the insulation, add extra rubber striping beneath the doors and opt for advanced windows to keep the air temperature comfortable.

CREATURE COMFORTS

Let builders entertain you with a variety of media perks to woo and court the fussiest buyer.

Home theater rooms are no longer a luxury, but rather are becoming the norm. In addition, built-in sophisticated security systems add a special touch to set the property apart from the pack.

Not to be neglected is the outdoor

living space that when carefully planned can provide a backyard entertaining area with or without a pool.

KITCHENS AND COMMON AREAS

A wide and easy-access kitchen is one of the first things a buyer will evaluate about the property. This is not simply an issue for the cook in the family, as everybody in the household is going to spend a considerable amount of time at the kitchen table.

The counter space may be granite, tile or laminate, just as long as there is plenty of it. Extra outlets are appreciated, and deep closet or pantry shelves mean serious storage capacity.

NEVER SETTLE FOR LESS

When purchasing a new construction home or building your own dream home from scratch, be sure to factor in the key components that make your house a home. Whether you are searching for 1,200 square feet or several thousand square feet of sumptuous living space, the layout and design should reflect your lifestyle.

In today's competitive market, the buyers get what they want instead of taking what they get. The right home for you will have that special look and feel that delivers a custom fit for flow, design and practicality.

