

# Six Simple Things to Ensure a Smooth Home Purchase

## 1. Check your credit

Before you apply for a home loan, regardless of your credit, it's a smart idea to obtain a copy of your credit report from the three major credit bureaus and review the information. If there are errors or things that need to be addressed, it's easier to address them before you have found a house, than after you have found a house and are trying to close your loan.

If you know that there are a few blemishes on your credit, let your lender know what they are, why they are there, and why you are a still good credit risk. Lenders look at your credit to determine how likely you will pay back the loan. If you had extenuating circumstances - like a loss of a job or medical bills - let them know so that they understand that it is not likely to happen again in the future.

## 2. Get approved before you buy

An approval means that a lender has reviewed your credit history, verified your assets and employment, and has approved your loan before you have found a home to purchase. As long as the home appraises for at least the purchase price, the loan should close.

Getting approved also gives you an advantage over other buyers. Your firm approval makes it easier for you to negotiate on the price of a home, than a person who is not approved or is pre-qualified.

While getting pre-qualified may sound official, it is really just getting an idea of what you can afford. Its having a person plug in a few numbers that you give them - your monthly income and your monthly debt - and getting an approximate payment calculated. From the payment, the calculator can approximate the house price range that you can afford. No information is verified. Because your assets, income or credit is not verified, a pre-qualification has little value when purchasing a home.

## 3. Find a great buyer's agent. (hmmm . . . wonder where you could find one?)

Traditionally real estate agents represent the sellers in a transaction. When you are not working with a buyer's agent, they are less likely to negotiate the best price or contingencies for you.

A buyer's agent's job and fiduciary responsibility (meaning legal duty) is to you, the buyer. Before working with an agent, establish if they are a buyer's agent or a seller's agent. After spending a lot of time with a Realtor, it's natural to feel like you're a team. But if they are not negotiating for you, then they are not on your team.

Oops! You already found Us! . . . so this step is done.

## 4. Learn about the neighborhood

Often times the house you find may be in a neighborhood that you're not familiar with, which is ok. It just means that you'll have to do a little more research. If you find a house that you like, ask for a list of the neighborhood properties that sold in the last year. How does your home rank? Is it at the top of the price range? If so, it might be hard to resell. Is it average or on the low end? If so, great - as the other home prices go up in value, they will pull your home's value up as well.

Check out the schools - are they sought after? A good school district means your neighborhood will always be valued by families which is a great reassurance to purchase, not to mention the value-add if you have school-age children.

Talk to the neighbors. The more people you talk to, the better sense you will get of who makes up the neighborhood and how they will effect your time spent in it.

Check out the location of the shopping, police and fire stations, schools, and air traffic overhead. These are all things that might affect your property value or quality of your life.

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## 5. Protect Yourself

Ask your Realtor for a copy of the documents you will be asked to sign if you decide to buy the house. Read them ahead of time so that you'll understand the questions that you will be asked, the things you need to know, and the decisions you will need to make.

## 6. Have Reasonable Expectations

There is a lot of money at stake. No house is perfect. Understanding and remembering these two statements will help diffuse the negotiation stage, the inspection stage and the closing stage.

Emotions are high for both buyers and sellers. - The seller may have loving memories and years of sweat equity in the house. Maybe they are being relocated and don't want to go. Understanding their motivations for selling will help you appreciate their situation and predicament during these emotional times.

There is a lot of money at stake for all the parties involved (and that includes the realtors) - Just remember that market value (the value of a home) is the price that a willing buyer and a willing seller can agree to. If you can not agree on a price, ask yourself: Is there something you missed? Are there comparables that support the price that they want? Are there motivations that might factor into the price they are demanding? In the end, does it matter? What is the house worth to you today and what do you think you can reasonably sell it for based on the amount of time you plan to spend in it? Think about the answers to those questions before you make your move.

No house is perfect - Always get an inspection. It might be a few hundred dollars, but it's worth it. It's the inspector's job to find any problems with the house that could cost you thousands to repair down the road. Some inspectors have a tendency to over play the importance of their role and the items that they find. Get objective opinions that you trust before making a decision on an inspection report. Likewise, if an inspector says a foundation is cracked but its nothing to worry about - get a second opinion. Ask a handyman for an idea of how much repairs will cost and how complicated they are. The home buying process is an emotional, complex and time-consuming process, but it is worth it. Nothing compares to owning your own home in a neighborhood that you chose.



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