

The 15 Most Important Steps Buyer's Must Make Before Purchasing a Home

- 1. Get Pre-Qualified:** Knowing what price home you qualify for is essential for many reasons. 1) When you know what you qualify for, your real estate agent will find homes within that range so when you find one that is suitable you will have the confidence to move forward to write an offer. 2) If you know your budget you can choose to look at lesser priced homes but know that you could go higher if you chose. 3) If there are credit issues to be resolved you have the time to repair the problem or have errors removed prior to needing a home loan. 4) If you look at homes that your budget cannot afford it will lead to unrealistic expectation in a lesser priced home to have features seen in the more expensive. Talk to a loan officer prior to seeing even one home and respond accurately to all questions asked so that you can shop for a home with confidence.
- 2. Set a realistic budget:** Life does continue after purchasing a home. Be certain yours still includes all of the things you love such as dining out, vacations, and hobby expenses. Know also that some new expenses also need to be incorporated such as homeowners insurance, new furniture, maintenance and reserve fund for that unexpected repair that the apartment complex may have been responsible for in your past. The large new lawn requires a lawnmower, edger and a charming patio set so be certain you aren't strapped to buy them.
- 3. The 1st home you see may be only that:** Speed and accuracy have never been equal. Take your time to consider the options and locations available to you. New homes can dazzle and the photos on your MLS show only so much, so be certain you have compared many properties that generally meet your needs before making this important decision. So what if your best friend told you to go see a certain house. Who cares if you have admired a home for years from the outside, now it will be your money you're spending so take the time and look at what is available.
- 4. Look beyond the surface:** The current homeowners furniture will not be there when you move in and ugly paint or wallpaper are easy to replace. Try to focus on the neighborhood, the property features, the floor plan and your plans for the space. Look also for the quality of construction; not the wow factor of the furnishings. A dark room in the basement might be re-used as a Media room; the small dog room off of the Kitchen might be your home office. Most importantly don't let that ugly recliner prevent you from seeing the spectacular view through the window.
- 5. Research the total picture:** Find a house that meets your needs but never make an offer until other factors that are important to you have been researched like schools, proximity to jobs, neighborhood amenities, and community land plans. All of these and more can affect the quality of life as you live in that home; so do

your homework. The perfect house an hour away from your job just won't make sense as you make the drive 5 days a week.

- 6. Buy a home in the mid range of homes in the community:** While this is not always the worse thing to do, it is always best to be priced similarly to most of the other homes around you. This is important for resale of course, but also to be certain you are not over-built for the area or that your home is not inferior in workmanship or square footage. Both can be difficult to properly assess as you buy and to later successfully market. Remember that brand new Kitchen will be new no longer when you put it on the market 10 years from now so be certain you don't give that feature too much weight in your pricing decision.
- 7. Buy only what you need:** You have gotten pre-qualified but that does not mean you must buy to your upper most limits. If your family is small or your needs are met without more square footage or without amenities you won't use then don't do it. All expenses go up with a larger home including utilities and insurance. If your needs change later you can always sell and buy more house next time. Why heat space you don't plan to use or pay for a golf course community if you aren't a golfer. Perhaps a backyard pool is only worth buying if you are a swimmer.
- 8. A home is more than an investment:** This is neither the stock market nor insurance. Buy a home that meets your needs and the investment will be a bonus. There are certainly aspects of an investment such as tax advantages, escalating property values, hedge on inflation and standardizing monthly expenses; but unlike a stock market the ups and down are not a reason to change your plans or sell early. If the home continues to fit your needs it of little importance what is going on in the market place. Unless you need to buy or sell, house prices are not a concern.
- 9. Auctioned homes are not always a great deal:** I have seen auction prices rise above the price offered prior to the sale and I have seen the gavel fall far short of the asking price but the home will never have any disclosures and will be sold "as is/where is" with usually a buyer's premium (5%+/-). Investors who plan to rehab and resale may find these tantalizing but the old adage is still true: "If it looks to be good to be true, it probably is."
- 10. Think resale as you buy:** So you love the house, that's great; but be sure you look to the future. A bad location (next to a factory) or an obsolete floorplan (no closets), or a challenging lot (steep driveway and no backyard) will be just as much of a concern when you try to sell later. The home may be priced very well, but when it is time to resell, you will need to price it well also.
- 11. Evaluate everything anyone is saying about the house:** Marketing ads are just that – enticement for you to consider the house. If it says "cozy" – think small, if

it says needs “TLC” – think this may take much more money and time than I have. Also question the empty acreage next door and do your research. Just because the selling agent says it is a green-belt does not mean that plans aren’t afoot to put in a shopping center or school. If it is important to you then make sure you research the answers you are getting.

- 12. Visit the home more than once before making an offer:** Second trip to the house will be surprisingly different than the first. Be sure you open doors, closets, and drawers and check out the yard, the garage and the attic. The neighborhood will be what you come home to every evening. Do not be rushed during this trip or even a third if you have forgotten details that are important to you.
- 13. Get a professional home inspection:** Absolutely this is essential even if you are buying your parents home. Know what you are buying. This is not to imply that you should be asking the current owner to fix every item on the list that the inspector provides. The home inspection is designed for you to KNOW YOUR home. Know where filters are and how they are changed. Know what utilities come into the home and how they are turned off/on. Know the age of the furnace, AC, water heater so that you can anticipate their replacement in the future. Knowledge is the power to feel comfortable and competent to maintain your new home.
- 14. Be pro-active at your closing:** There will be many papers to sign at closing and it is true that at that point the closing will move forward only if you agree to sign them all as written. But that does not mean mistakes cannot be made. If concessions were made by the seller or either real estate agents be certain they are accurate on the closing statement. If receipts were to be available for you, be certain you have them before you leave the table. A HUD statement should be available for your review before you sit down to close, ideally at least 24 hours before. Your lender has, in addition, provided you a truth in lending document so be comfortable the terms of the loan are as you understood. Review documents and ask questions if you have any. Much of the paperwork will come to you rather rapidly and the attorney (who represents the lender) will give you only an overview of each. That will probably be satisfactory to you, but if not, ask for more information or time for you to review.
- 15. Hire a competent & compatible REALTOR®:** If you do this first you will find that many of the other issues will be resolved. Your agent is there to assist you and her knowledge of the market, the industry and the community will be invaluable as you buy your home. Even the best agent however, is not for everyone; so also feel confident that you are satisfied with her answers and demeanor so that the whole process is pleasant as well as successful.