

You've Found A House, Now What?

The long, tiring search is over and you've kissed a lot of frogs. But you did find your dream home and want to make an offer on the property. How do you know how much to offer and if you're getting the most value for your money?

The offer phase of purchasing a home isn't always straightforward and you need to at least know the market on homes in that area so you can determine if you'll be getting the fair market value for that home.

Lowballing is a common term in the world of real estate. It means that you're offering to buy the house for a number that's far below the market value. You run the risk of insulting the seller and losing the home for good.

But, if you don't know the fair market value of the home, you could overpay by thousands of dollars. To zero in on the market value of the home you've chosen, you should know if you're in a seller's or buyer's market.

A buyer's market means that there are plenty of homes for sale, but a shortage of buyers. This gives you more power to bid lower than the asking price and to even ask the seller to pay for some or all of the closing costs. In a buyer's market, you'll find the seller more willing to negotiate.

If you're in a seller's market, there is a shortage of homes for sale and you're likely to have several potential buyers making offers at the same time. A seller's market is a little tougher to negotiate in because you may need to compete with other buyers.

It's sometimes devastating to a potential home buyer when their good-faith offer is rejected – especially without a counter offer. This could happen when the seller receives many offers and your offer was much less than the others. Or, the seller may back off of your offer to see if he can eventually get a better one.

All may not be lost, even if your offer has been rejected by the seller. The seller may not have accepted any offer on the home and you may still have time to negotiate by moving rapidly with a higher offer. This may result in a bidding war that your real estate agent will need to help you with.

A buyer's agent is extremely helpful if you're a first-time home buyer. He or she will be familiar with the local market and be able to negotiate the best deal on your behalf. You'll learn a lot during this process, which may be helpful to you when you decide to sell.

If you're working in a seller's market and there's a real shortage of homes in the area, you may still be able to get your dream home. Find a home you really love in an area you're interested in and write a letter to the homeowner.

It's a true leap of faith to try this method, but it's worked for thousands of buyers and it just might work for you. Even if you receive a "not interested" reply, at least you'll know you tried.

Never rush to make an offer in any market until you're sure the home is right for you. Unless you do the proper research on the home, you may be rushing in to a situation that you'll later regret.

Taking the Stress Out of Home-Buying

Buying a home can be one of the most exciting times of your life. Making a checklist of wants and needs is fun and you know you can make your dreams come true by working with your real estate agent to find the perfect home.

Searching and going through the process of home buying can also be a very emotional time. Your emotions are involved with every aspect of the search and the financial process and sometimes those emotions can turn into stress that wipes out those happy and excited feelings you once had.

There are endless reasons why things can go wrong and rev up your stress level. Your agent may not be communicating with you and you're becoming frustrated with the lack of information coming your way.

If that happens, it's time to have a face-to-face meeting with the real estate agent, let her know your concerns and see if you can rectify the situation. If you don't think that's possible or continue to have lack of feedback, write a formal letter which states your reasons for dismissal and find another real estate agent as soon as possible.

You may think you've found your dream home, but the inspection reveals defects and problems far beyond what you want to take on. That's just one more thing that can go wrong among the litany of others.

Now you have to decide if the repairs and renovations are worth the time and money or decide to keep looking for a home. If you have a friend who is familiar with buying and selling homes – or know of a reputable contractor you can discuss the situation with, call to get some advice so you can make the best decision.

Another stress factor in purchasing a home is the financial aspect. A lender may reject your loan at the last minute or you might receive a low appraisal on the home. Doing some research before you get so far into the home-buying process can alleviate some of that stress.

Talk to at least three lenders before the home search and have your credit and financial statements in pristine order. You should be able to get a good assessment on what your chances are for a good loan amount.

There could be a few reasons a low appraisal and it doesn't necessarily mean that you're offering too much money. Check with your real estate agent about whether the home sales in the area have happened so fast that the comps haven't quite caught up with the prices as yet.

Just when you think it's over and you're looking forward to the closing date you get word that the title company found problems with the title or perhaps an unknown lien on the property.

Your agent should be able to steer you through these complications, but it may take a while. A quitclaim deed or a commencement of action to quiet the title are a couple of options the agent will discuss with you to get rid of that problem.

Try to think positive through all the chaos. Your sellers may be unreasonable or argumentative and a host of other stressors may occur before the home is actually yours, but hang in there.

Eventually, it will happen. The home will be yours and you'll be able to enjoy what you've worked so hard for.

Working Through Second Thoughts and Sheer Panic

The closing date is looming and you're beginning to have second thoughts about the home you've chosen to buy. The home checks off everything on your list, but you're wondering about the cost, your ability to keep payments up in the future and whether you're basing the decision on common sense – or emotions.

Of all the purchases you'll make in your lifetime, there are likely none that will drain your emotions and question your financial sense like purchasing a home – especially if you're a first-time buyer.

Emotions that range from excited when you first decide you're going to search for a home – to sheer panic when it's time to sign on the dotted line – are all part of the home-buying process.

But, if you've done your research and have chosen a good lender, you should be able to turn to them for advice and listen to their knowledge and experience to help you overcome those second thoughts and heart-thumping panic.

It's all so overwhelming – looking at possibly dozens of properties, calculating figures and finances, packing and dealing with tons of information about facts, warnings and deadlines they've never experienced before.

Although most buyers are anxious to wrap it up as soon as possible and move into their new home, there's so much legal and realty issues to deal with it can be overwhelming and frustrating.

Keep in mind that the reason you hired a real estate agent is to help you maneuver through these issues. They're the experts and they'll be more than happy to hold your hand and guide you through the entire process.

Sometimes just the thought of the debt you're about to take on can burst that euphoric bubble you once felt about purchasing the property. You may be wondering whether you should have chosen that other house you liked – but declined because it didn't have granite countertops. After all, it was in a great neighborhood.

You may have been outbid on the first home you made an offer on. That's a devastating experience, but with your real estate agent's help you can soon find another that you like just as well – maybe even better.

All the waiting for answers from sellers, lenders, inspectors and a host of other information involved in buying a home may finally be taking its toll and by the time all is approved and waiting for you to sign the contract – you're in sheer panic mode.

Now is the time to step away for a while – as long as it takes to be a bit introspective and realize that you've just achieved the “dream.” You're now a homeowner and you can rest easy that you've consulted with the right people and gone through the recommended process – now you can pick up the shiny new keys and go – home.

How to Win a Bidding War

It's great to see the housing market recover from a big letdown and enjoying the hot new market. But, with the recovery comes a tight supply of homes, multiple offers – and bidding wars.

Knowing a few tricks of the real estate trade can help you emerge with the best bid and be the winner in a bidding war. For one, you should try to

be the first offer – but don't insult the seller with a lowball offer – especially with so few listings on the market today.

Bid at the asking price or only slightly below. The seller will know you're a serious bidder with that type of beginning. One trick of the trade that really works is to add an escalation clause to the bid.

For example, if the price of the home is \$500,000 and you think it might rise as high as to \$550,000, add a clause that says you will go as high as \$560,000 (if that's true and you really want the home).

The clause should state that the seller can only raise the winning bid to just above the competing offers. For example, if the bids on the home only go as high as \$530,000 you won't be expected to pay \$560,000 but only slightly above the highest bidder.

Another little-known way to make your bid count is to send the seller a letter (possibly through your real estate agent). Tell the seller how much you love the home and mention something about the home that you particularly like and how your family will enjoy and take care of the home.

Plan to spend as much cash as you on the down payment and be sure to get approved for a loan ahead of time to close. Mortgage lenders suspect loans that aren't a sure thing and bringing cash to the table makes a difference.

Go in armed with a pre-inspection. The few hundred dollars it will cost is well worth the time and money. And the seller will know that you're serious about wanting the home. Have the pre-inspection performed before making an offer on the house.

Your real estate agent can be a huge asset in a bidding war. She can let the seller know that you're completely enamored with the house and be specific about what you like about it. Chances are, the seller will appreciate that you noticed the touches he was responsible for.

Finally, be smart during a bidding war. Compare the most recent comps and research the market before getting in to a bidding war and don't let your emotional attachment to the house empty your wallet.

It's easy to overpay when you get caught up in the emotions of a bidding war, but remember there's always another house that you'll love and enjoy. Too many buyers get caught up in the emotional aspect of purchasing a home and go overboard in a bidding war. Most regret it later on.

Get a House Inspection to Set Your Mind at Ease

The house you've chosen to buy may look exactly like the home you've always envisioned – great neighborhood, granite countertops, plenty of room to entertain. But, there may be some hidden sins that you're not aware of.

The few hundred dollars it will cost you to get a pre-inspection of the home can come back to you tenfold if there's anything significantly wrong with the house. Even if there are no hidden problems, you'll have peace of mind that's so important during the house-buying process.

During the home inspection, the inspector will examine the home thoroughly and provide you with an evaluation of the condition of the home. Even though the home inspector may not catch every issue with the home, they are experts in what they do and can recognize costly, potential problems in the future.

If the inspector finds quite a few problems with home, you can use that information to your advantage by negotiating a lower price or have it written in the contract that the owner must take care of specified repairs before the closing date.

Not getting an inspection may be costly down the road. You could have faulty wiring that leads to a fire, a defective water heater and many more problems that could impact your future in the home.

An inspection is especially critical if you're purchasing a foreclosed home or an old home – even one that has been renovated. You may feel attached to the home because it appears to be the one you've always dreamed of – but don't let that attachment make you blind to the red flags that may be costly and discouraging.

You may need to go beyond a licensed home inspector if you suspect problems such as foundation problems and hire a structural engineer to examine the home and let you know of potential issues.

If the yard of the home you're considering slopes toward the home, there may be drainage issues and you need to get a landscaper's opinion. Knowing ahead of time so you can make the proper changes can save time and money from flooding and water damage.

The septic system of a home should always be inspected by a septic system inspector to see if the ground is wet or soft around it. That could indicate a major crack or failure of the system.

Considering buying an older home? Be sure to hire a toxic substance inspector to detect whether the home has traces of mold, asbestos, lead or radon. Those can be costly or even deadly issues if not addressed.

A pest inspector should be called if you notice wood shavings, soft wood or buzzing within the wall. Pests such as termites can cause an abundance of damage to your home.

If your home is in an area that experiences frequent earthquakes or floods you may want to hire a geotechnical inspector to examine the home for possible problems in the home's structure or retaining walls.

You may love the big, old trees surrounding the home you want to purchase. But, beware of large roots and tree canopies which can damage what's beneath it. The foundation, roof and driveway could all be at risk from the roots of trees.

It's worth the money to inspect your home thoroughly before signing on the dotted line to make sure you are getting your dream home and not a nightmare that will cost you more in the future.

The Rollercoaster Emotions of Buying a Home

The process of buying a home is one of the most emotional journeys you'll ever take. Other big purchases such as a new car or expensive wedding and honeymoon can also wreak havoc on your emotions – but none is likely to surpass the rollercoaster of emotions that will rise and fall when you purchase a home.

You may experience different emotions if you're purchasing your first home, but even if you've gone through the process before, each time is different and you'll react in different ways.

The rollercoaster of emotions when buying a home may run the gamut of incomparable highs and lows that make you question your decision. If you've carefully researched the real estate market such as the most recent comparable sales in the area you want to buy and know the features you'll compromise on – and those you won't – you're probably ready to jump on the home-buying train.

A licensed real estate agent can help you work through emotions that may lead you astray and guide you to the perfect home for you. Excitement is likely the first emotion you'll feel when you've made the decision to purchase a home.

Searching for homes online is a good way to assess what's out there and the prices you'll face within certain areas. After the excitement of anticipating home ownership, your excitement may turn to outright fear when you first realize how much debt is involved in home ownership.

You may feel overwhelmed at all the information you have to digest and all the real estate buzz words you need to know – especially if you're a first time home buyer. You'll likely see many properties before finding one you'll even consider.

When you enter the home search, you'll probably have a good idea about what you want. But, visiting multiple properties can be confusing and you may lose sight of those priorities you set for yourself. You may change your priorities as you proceed.

Your realtor will be able to guide you to homes that truly fit your needs, your pocketbook and your price-range. Listen to the realtor and take what he or she says into consideration – especially if she knows your priorities ahead of time.

Stress is another emotion that's typical of home-buyers. The anticipation of purchasing a home can be much greater than the reality when they come face to face with everything involved.

Don't come to a decision based on stress, feeling overwhelmed and just wanting to get it over with. You may overpay for a home just because your emotions get the best of you and you feel as if you can't go on unless you get a certain house.

There's always another house that will make you happy and meet your needs. Perhaps the worst part of buying a home are the emotions you'll experience when you've put in your bid and waiting to see if you get the home.

Don't be too hard on yourself if you occasionally let home-buying emotions get the best of you. It's often the largest purchase you'll ever make and your realtor should be trusted to lead you to the best deal possible – and one that you'll feel a great deal of satisfaction about.

What Can Go Wrong? The Possibilities are Endless

The home-buying process is exciting, exhilarating, extremely tiring and probably one of the most overwhelming tasks you've ever attempted. There could be hundreds of little things (and some big ones) that can go wrong and put your emotions in a tailspin.

The searching part is mostly fun and you're getting to see what's available in your price range and envision the home after you put your personal

touches on it. Then, comes the journey to closing. That's when anything and everything can happen.

You may be fortunate enough to avoid most of these trying possibilities, but you should know something about the top things that can go wrong. For example, you discover that the loan you co-signed for your cousin last year is in arrears and the payment has never been made on time.

Or, the listing indicated that property taxes on the home were only \$1,500 per year, but it's been reassessed and now they're \$2,500 per year. Sometimes an appraisal doesn't turn out to be all you hoped and the lender is balking at it being so much lower than the seller is asking for.

It's pouring down rain during the final walk-through and you feel it dripping on your head from the ceiling in the bedroom. You might be suffering from buyer's remorse and are thinking of calling the whole thing off.

Even worse – the seller may be having seller's remorse and thinking of calling the whole thing off. Or, what if the money you were going to use for a down payment on the home never materializes – such as a gift of money from your aunt and uncle.

You may have forgotten a critical piece of information about your financial history – such as having filed for bankruptcy six years ago. You're in trouble with the lender if you haven't filed income tax returns for the past year or more.

Your spouse or significant other decides he or she doesn't really like the home you've chosen and wants to continue looking around for another. To top off everything, you find out the seller hasn't paid his property taxes in a few years.

You didn't qualify for the amount of loan it would take to buy your dream home and the amount you did qualify for is a joke. All of the above and so much more could go wrong between the mortgage application the approval of the loan and the closing date.

But chances are most of these dire possibilities will never happen to you. If they do, keep in mind that all of the problems can usually be worked out – perhaps not in your preferred time – but eventually.

Hopefully, it will worth the stress, headaches and heartaches when you finally do sign on the dotted line, turn the key in the door of your new home and begin to think about the all the possibilities you can make come true.

Making Your New House a Home

The process of looking for a new home for yourself and/or your family is sometimes excruciatingly emotional – and always tiring. After you sign on the dotted line and the house is yours, it's time to be happy and feel settled, even if there are still boxes stacked to the ceiling.

Even though you're excited about the move to your new home, the first days and weeks may feel overwhelming and you may be a little disoriented. A few things that will make your house a home is planning a birthday party or decorating for and celebrating holidays. Memories you'll create will make a difference.

Most home experts agree that the closets are where you should begin to make your house feel like a home. Kids may have school and you and your spouse may have to get up and go to work the day after you move in.

If you're closets are organized the future days will go much easier if you don't have to rummage through boxes to get to your clothing and other necessities. Be sure to prioritize the kids' rooms and make it their own as soon as possible. If old enough, let them unpack and organize things as they see fit.

One word of advice – wait to hang your art work. Give yourself a chance to get to know the house before you decide where each piece belongs. Meanwhile, you can lean them against walls or other areas so you can see them while thinking about what you're going to do.

Make yourself comfortable. Put clean bedding on the bed and be sure you include throws, pillows and anything else that will help you sleep soundly that first night in your new home.

Arrange the bathroom items. No one is comfortable in a shower without a curtain or a bath mat to step on when you emerge from the shower. Be sure there's plenty of toilet paper and soap – and don't forget the towels.

There's nothing like familiarity of sounds and surroundings to make a house feel like a home. Clocks, chimes, favorite music and whatever else you can think of can take the newness off the home and promote feelings of comfort.

Pets are often ignored during a moving process, but they'll feel and behave much better if you walk them around the neighborhood, set up their water and food bowls in a place they can easily access and set up the beds for them. Be sure to include their favorite blankets and toys too.

The stress of moving can be somewhat eliminated by sticking to your usual routine. If you have kids that come in from school and are used to hanging their coats on a rack as they enter the room, try to accommodate them with a coat rack in the new home. The routine doesn't have to change along with the move.

Now you're ready to spend some quality time in your new home. Cook some dinners, enjoy the new patio and pool or spend a lovely Sunday in bed just being lazy. The more time you spend in your home the more you'll think of it as your dream home.



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