

Deciding On A House To Buy

The Search for a Home – Where Do You Begin?

Understanding the process for purchasing a home is the best way to cut mistakes and make the best decision. The process takes a lot of time and much effort, but it's worth the time and effort in the end and you stand a chance of avoiding huge financial mistakes.

The first step in understanding the process is to determine how much you can afford. The general rule of thumb is that a home cost no more than 3 to 5 times your annual income providing you intend to make a 20 percent down payment and have little debt.

After you've determined the amount you can realistically spend on a home, research the homes that interest you within the area you want to move. Magazines, newspapers and online sites contain real estate listings that will give you an idea of housing trends and prices.

Make notes about the specific homes you like so you can talk to your future real estate agent in an educated manner. Before you speak to an agent and begin to tour homes it's best to get prequalified and preapproved for a mortgage.

Your real estate agent is an important partner to have when buying or selling a home. Your agent has privy to much information that isn't online or otherwise accessible. His or her knowledge of the market and the buying and selling process will prove extremely valuable in your home search.

Go to your real estate agent armed with likes and dislikes, must-haves and deal-breakers so she can help point you in the direction of the neighborhood and homes in your price range.

We can't all afford what we really want, so think about what you might sacrifice within the home rather than the location of where you want to

be. Making improvements in the home is easier than changing and neighborhood.

Begin touring homes with the help of your real estate agent, but don't depend on her for all of the leads. Look online and drive around the neighborhood. Your dream home may be one that's for sale by owner or has not been placed in the listings as yet.

When you find the one home you think you have to have, you're ready to make an offer. After seeing many homes, you may tend to forget a home's good and bad points, so it's best to take pictures or make videos so you can review the home again when you're ready to place an offer.

A home inspection is critical to the home buying process. After your offer has been accepted by the sellers you should hire a certified home inspector to look for structural damage or other problems that might need fixing.

Your agent will help you place a contingency on the home in lieu of the final inspection. This contingency can help you renegotiate the price on the home and withdraw your offer without paying a penalty in case the inspection uncovers significant or expensive damage.

Before you make a final decision on buying a home, assess your lifestyle. Can you see yourself living in the home for the next ten or so years and do you have emergency funds for unexpected bills and expenses.

Determining the Must-Have Features of Your New Home

Before you purchase a home – whether new or old – you should have a checklist of must-have features. You probably won't get all of the features you want, but you can prioritize them into features you can't live without and those you can compromise on.

When your agent shows you a home, envision you and/or your family living there. Is there enough counter space in the kitchen to accommodate your cooking style? Try out everything – flush the toilet, turn on water in sinks and showers and check the electrical outlets.

If there are many little problems in the home, there are likely big ones that you'll need to deal with on a daily basis. So, even though you may think you've found your dream home, don't let it turn into a nightmare from the little stuff.

Will your furniture fit in your new home? Or, will the style of furniture you love fit into the style of home you've chosen? If you're in love with sleek and modern, you probably don't want to furnish a historical home from the 1800s.

One of your must-have features might be sweeping views of the mountains or ocean. But, how often are you home to enjoy that feature? If you get home after dark and are out on most weekends, the view won't give you much enjoyment.

For most home buyers the kitchen is an important area of the home where great memories are made when family and friends gather round. While a sleek, stainless-steel kitchen may look great - if you have small children, that spotless stainless steel refrigerator and sleek cleanliness won't last long and could be a nightmare to keep up.

Also, determine if the house you love will need work to meet all your must-have desires. Before you sign on the dotted line of a fixer-upper, determine if the renovations are going to be worth your time and expense.

If you're planning to make significant improvements to the home that would put its value significantly higher than your neighbors, renovations may not be the best investment. Rethink the expensive renovations and consider less expensive ones.

Kitchens are one area of the home that new homeowners might want to renovate. Keep in mind that if you only have one kitchen, trying to cook and eat around chaos might be difficult and test your patience.

Don't forget to look for adequate storage areas when considering a home to buy. Although having enough storage is one reason that people

want to move, it's often forgotten in the excitement over other features that stand out.

Many home buyers can be swayed to buy because of a luxurious bathroom or the décor. Be sure you and your family will use the fancy Jacuzzi and that those silk drapes or custom blinds are included with the price of the home.

If you plan to be outdoors quite a bit around your new home, be sure the neighborhood is safe for walks and chatting with neighbors. Nearby groceries, schools, churches might be important to you, so be sure you're not too far from the places you enjoy.

Carry your must-have checklist with you when looking for a home to purchase and don't try to memorize the list. You'll be more focused and not as likely to be swayed by other, glitzy features.

Know the Deal Breakers

Before you make a bid on a home you've found, you should know some of the deal breakers you should double-check before submitting your offer. Inspecting the home is an absolute necessity and keep in mind that looks can be deceiving.

There can be little flaws such as paint you don't like or old appliances, but there are big ones that make you think twice before overlooking. Don't let your enthusiasm and blind love for the home blind you to the flaws that may become money pits.

One deal breaker you should consider is faulty plumbing. Without good plumbing bones there may be mildew, water stains and sagging floors. Worse problems might include sewer lines. Many parts of the country haven't updated them in over 100 years.

Older septic tanks may also be a deal breaker. Check out the age of the septic tank and have an inspector evaluate it. Remember that repairs to sewer lines or septic tanks might cost you from &25,000 to \$50,000.

The roof of your new home must also be inspected for missing tiles and shingles that are in disrepair. Some roofs may last over 30 years, but if the installation or quality is poor you could be looking at replacing it very soon.

An out-of-date or sloppily installed electrical system can be a fire hazard and you don't want to face the task of replacing it. Tube and knob and aluminum wiring are sometimes found in older homes and can haunt you if you overlook it.

A low appraisal may alert you that you're paying too much for the home. It could also indicate that the home sales are booming in that area and the comparable prices for homes aren't yet equal to what the home is worth.

Beware if your dream home is in a flood zone. Even if you're far away from the beach, lake or river, flooding can happen. If you buy in a high-risk flood zone, your insurance costs may be prohibitive and you may have a difficult time selling the home in the future.

Know the history of your dream home before you buy. For example, find out if repairs or renovations were performed by a licensed contractor and the reason for the repairs. If the home or surroundings have been sites of crimes you're less likely to get a fair price for the home when you're ready to sell.

Your home may be in the exact location you want with the exact view you love, but you've determined that it needs a third bedroom or renovations to make the basement a game room.

First, you need to check with the town about any restrictions that could affect the upgrades you want to make. You may also want to check with an architect to make sure the home structure is amenable to the renovations you want to make.

Finally, be sure you assess the neighborhood where your home is located. It could be a real deal breaker if the area is past its prime and has homes

which are declining in value – or the neighborhood has become noisy and trashy.

You have to decide what the real deal breakers are for the home you're buying, but be sure to think about the possible ramifications of purchasing a home that has many of the problems listed.

Attend Open Houses to Get a Feel for What You Want – and Don't Want

You've outgrown the house you're in and find out you qualify for a mortgage that will let you upsize. Or, your kids have flown the nest and you're ready to sell the family home and downsize – or, you may be a first-time home-buyer and need help deciding what you want.

Whatever the reason for purchasing a home, it's important that you get a feel for what you want so you don't spin your wheels and waste time – or end up with something you didn't really want.

Open houses provide a taste of what your lifestyle would be if you decide to buy something similar. Unless the seller still lives in the house the realtor will often stage the homes with furniture and design touches to help you visualize living there.

Attending open houses provide information that will be useful to you when you make a final decision. You'll get to explore other neighborhoods, check out school or amenities you're interested in and explore the various floor plans available.

If you're in the market for a fixer-upper, you'll want to visit foreclosed or short-sale home listings. Be aware that these homes usually need investments of remodeling, fixing existing problems or replacing appliances. If you have the time, energy and money to invest in a fixer-upper, it can be a great investment.

The purpose of an open house is to let people see what's available in a particular neighborhood and entertain the idea of purchasing. But, even though you may not be looking for a home at this particular time, agents welcome those who are just looking.

Word of mouth is the most effective way to let people know that homes for sale exist and even though you may not be in the market for a home, one of your friends or neighbors may be.

Always remain loyal to your own agent. When you attend an open house and sign in, indicate that you already have an agent you're working with. The agent at the open house will appreciate knowing that information and won't attempt to solicit you to become his or her client.

You should know the etiquette of attending open houses before you begin your search. For example, you should always sign-in and indicate whether you're already working with a realtor or not.

When arriving at the open house, feel free to enter without ringing the doorbell or knocking, but always try and meet the agent. Some will take you through the house and show you special features while others will simply let you pick up a flyer and let you see the home on a self-guided tour.

If someone is still living in the home, respect their belongings. It's not okay to open medicine cabinets and closets and rifle through their things. Always ask the agent if it's alright to look inside a closed door.

Consider the Neighborhood

You may be so enamored with the house that you fail to observe what's going on in the surrounding area. It's important that you take notice of the neighborhood you're considering and determine if it's the right fit for you and your family.

Purchasing a home is an investment – usually for the long term, so take time to notice the pulse of the community. Talk to neighbors if possible and note if the area is perhaps in transition from being a bad neighborhood to an up-and-coming one – or has it already made the transition.

One way to determine if the price of the home you're considering is fair for the neighborhood is to research home values and foreclosures in the locality. Homes in transitional neighborhoods may be a good investment, but it could take time for that to happen.

Considering the school system in the area is a major decision factor if you have children. You can get grades and ranks of schools in the area at some online sites such as GreatSchools.org. Your home will maintain or increase its value if it's in the area of high-ranking schools.

Buying a home in the thick of restaurants, stores and "action" may seem exciting, but are you sure you're ready to put up with the noise and traffic associated with it? Even neighborhoods that aren't in downtown may be noisy, so it's a good idea to visit the area at various times of the day.

Pay attention to traffic patterns at rush hour, weekends, the buzz of planes from an airport, a church that takes all the parking spaces on Sunday morning and does the neighborhood appear more dangerous at night?

Notice the condition of the roads around the neighborhood. Are they clean and smooth or are there potholes and trash on the curbs. Also note if there are sidewalks, public transportation and nearby fire and police stations.

If you're not comfortable with the appearance of the neighborhood, the future value and appreciation of your home may be affected and the enjoyment of your time there may be compromised.

Finally, consider the proximity of a new home to work and the things you love. Stores and schools are also important in the scheme of things and your commute may be longer than you want it to be.

Proximity to work can become critical when you have to spend an hour or more in the car, morning and evening, and don't get to enjoy the house as much as you could if you lived closer. Mass transportation might be the answer and can also have a good effect on your home's value.

A neighborhood with walkways, neighborhood watch and no vandalism indicates you've chosen a safe neighborhood. Your realtor can help you in this quest and you can also search crimes in this neighborhood on the local website for the police or FBI.gov.

Location, Location – and Getting the Best Deal

Real estate agents are quick to say that the most important part of buying a property is, "location, location, location," a term that's been used since 1926 to describe how to choose a property that is a great long-term investment.

One other piece of advice among realtors is to buy the worst house available on the best block you can afford. That move will likely give you the best return on your investment in the future.

You may be tempted to buy a beautiful home that meets your needs in a less than desirable neighborhood, but that may not be the best investment and you may have difficulties selling it in the future.

When home-shopping, look for certain characteristics to lead you in the right path. One characteristic you'll want to check out is the safety of the neighborhood. People want to feel safe in their own homes and free to walk about in the neighborhood and have interaction with neighbors.

If living near public transit or quick access to freeways is important to you, look for a location that meets those needs. Living in a major city may make it even more important to have easy access to transportation. Also, be aware that being close to those amenities may increase the cost of your home.

Good schools are important in the location choice for those with families. The value of your home and surrounding homes will increase or decrease according to the school district.

Also keep in mind that young families are consistently looking for first or second homes and will take the location into consideration. Your house may be easier to sell in the future if you live in a good school location.

Easy water access and panoramic views of the ocean or lake is sometimes at the top of the list of criteria for a home purchase. Choosing a home near or with close access to water can only increase your investment in the future.

Want to be near the most popular shops, restaurants, parks and other places? The closer you get to the hub of downtown, the more desirable the location will be. Compromises may include a smaller home, noise and no or small outdoor area.

When you look at locations for your new home, be sure to look for bad neighborhood characteristics. If a home faces the freeway or is near a busy intersection, it's probably a bad location.

Noise from a nearby airport or fire station can also ruin the location of a beautiful home that fits your needs or a school that experiences traffic from school buses, noise from kids going to and from school or run-down homes in the neighborhood can ruin the ambiance of a perfect neighborhood.

So, location, location, location is an important consideration when purchasing a home – but your happiness means more than thinking about a good investment opportunity. That's true especially if you plan to be there for many years.

Red Flags to Look for When Home Searching

It's easy to overlook problems in a home when you become emotional and overwhelmed with feelings that it's your dream house and you have to have it. This could lead to facing monumental problems after you sign on the dotted line.

Before you make up your mind to buy, it's important that you detach yourself from emotion and look for potential problems that could ruin your happiness over buying your "dream" home.

Some of the most important things you should be aware of when viewing a home are the conditions and ages of such items as the hot water heater, furnace and roof. You should also pay attention to the foundation of the home and look for structural problems.

Foundation issues are very expensive to correct, so pay close attention in the basement to see if there are cracks or crevices that indicate structural, foundation problems. If there's no basement in the home so you can look for issues, check the door frames in the home.

Check to see if the doors close properly and are aligned as they should be. If not, you could have structural problems. If you suspect any problems involving the foundation, hire a structural engineer to perform an inspection on the home.

Pests and insects can also become problems after you move in. Wood-destroying insects can badly damage a home and cost you thousands of dollars to repair. Pests to look for include carpenter ants, termites and powder post beetles.

Note if fresh paint has recently been used to hide a small portion of a wall or ceiling. Although some people may paint an entire room to freshen it up before selling, small sections of fresh paint may be cause for concern.

A foul odor in the home or super sweet smells indicating that a cover up scent is being used could also be a red flag. Take notice if there are plug in air fresheners, candles and other items that indicate a bad odor could be present.

Electrical issues may be a problem – especially if the home is older. Some older homes still have knob and tube wiring which can trigger a problem – and some have old electrical panels that still use fuses. Check out light switches, outlets and lights that flicker when turned on.

Don't fall in love with the home until you've checked out the neighborhood. When there are many homes for sale or you notice that residences or businesses have been boarded up, you could risk putting lots of money into a bad investment.

There should be no rooms in the home that you can't enter, but if there are and you really like the home, ask to see those rooms later. Windows that appear foggy might indicate water between the double-paned windows. Also, test the windows to be sure they open and close properly.

Whether you're an experienced or novice home buyer, it's important to look for red flags yourself – but be sure and hire a home inspector to look for problems you may not have seen.

The Myth of “Love at First Sight” When Home Buying

“Love at First Sight” should be replaced in your mind with “look before you leap.” The myth of love at first sight when home buying has gotten many people in trouble financially and emotionally – and it could all be avoided by keeping some tips in mind before choosing based on love at first sight.

You may fall in love with the first house you lay eyes on. It may seem to have everything you're looking for in a dream home. But, you'd be wise to check out and compare others to be sure it's what you truly want.

In fact, it's best to view as many homes as possible to ensure you're making the correct decision. You don't have to look at every home in the area, but comparing at least three is the rule of thumb.

One reason to compare and shop around is that you may find other features you like more in another home. You can then compare the features and decide which you like best and which would benefit you the most as a homeowner. And it could have a lower price tag.

Rushing to closing without the proper inspection and close examination for red flags that might haunt you later is one of the worst things you can do in the home buying process. It's possible they won't find anything and there are no red flags to alert you to future problems – but it could save you much money in the long run.

Checking out other homes can also give you a good idea about the resale value of homes in the neighborhood or other neighborhoods you

may be considering. When you purchase the best home in the area, know that your home may not appreciate in value as much as other homes surrounding you.

While you may love the home – take into consideration where it's located. A great house in a bad neighborhood may become a nightmare you have to live with even if you're in love with the home itself.

Most home buyers ask about amenities and the age of certain areas of the home, but don't ask some pertinent questions such as inquiring about pests, recent repairs on the home and the cost of taxes each year.

Think about your future plans before falling in love with and purchasing a home. Is public transportation something that you need to look at? Are you far away from your work and would have to spend hours in traffic both to and from work? Look at your lifestyle and find out what's really important to you.

You'll likely walk through the home several times before you sign on the dotted line. Each time, be sure to scrutinize the property like you're making one of the most important decisions of your life – because you are.

If you take your time, be honest with your real estate agent and your lender and don't jump in to buy a home at first glance, you'll be much more confident in the decision you make.

To Buy or Not to Buy? The Home-Buying Final Decision

Finding shelter has always been a top priority for humans. Caves and other types of protection were occupied and transformed into a cozy place that protected against the elements and allowed for socialization.

These days, it's a bit more complicated to find a home you love and decide whether or not to purchase it for the long term or find another home to rent for a short term. Financially, buying a home can be a very smart decision, but there are times when it doesn't make sense.

There are many reasons why you may make the decision to purchase a home. It may be the right time in your life – both financially and personally – and you may have found a home you love offered at the right price.

Know for sure that you can afford the home. That is determined by your collective income and financial assets. Much of your income will be spent toward your home payment and some of your assets may be used (liquidated) toward the down payment, closing costs and other matters.

Once you decide if you can afford the home, you should consider the area, how easily accessed, security, condition of home, amenities, reputation of the contractor (if new) and the clean history of the home.

When you're ready to negotiate a price with a builder or seller, research some data on the home other than what has been provided by the seller. For example, you can find data published by other agencies on the appreciation value of homes in the area.

One major reason people decide to buy rather than rent is the Income Tax Act which provides a rebate (Section 24 of the 1961 Income Tax Act). You can get a limited exemption of interest if the property is occupied by you – and if renting, there's no limit on the exemption of interest.

You'll want to get the best value for your money when purchasing a home and that happens during the negotiation phase with the builder or seller. By conducting your own research and consulting the realtor, you can be sure to optimize the money you're spending.

Keep in mind that if you're only planning to be in a home for two years or less, you likely won't get much, if any, return on your investment. You will, however, have a place that you love in which to live and that will give you pleasure.

Buying a home is one of the most emotional decisions you'll ever make. That's why it's a good idea to detach yourself from the home and look at the financial and long term aspects of purchasing the home so you don't end up getting a money pit that will make you miserable in due time.



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