



REPORT: THE RIGHT HOME AT THE RIGHT PRICE

Whether you are buying your first home or your fifth, the process of buying a home can be an emotional, time-consuming venture. Feeling that, in the end, you made the right decision and got a good deal can make all the difference in the world. As with most major decisions, the amount of work and research you undertake *before* you start shopping can have a dramatic effect on how well you do in the end. The following tips are important factors to keep in mind as you progress:

1. Do you really need that backyard tennis court?

Everyone can picture their ideal home. If you haven't thoroughly prepared yourself prior to viewing houses, chances are that you will find what you think is your ideal home, and will wind up paying too much for it. It is essential to treat the buying process in a slightly detached manner. Those who fall in love with houses usually pay too much.

Most experts recommend you develop a list of *needs* and list of *wants*. When looking at houses, make sure that they include all of your needs – things like adequate space, a good neighborhood in the right location, perhaps a garage – and then have fun with items on your wants list. Treating the process in a regimented manner will help you to make a more rational, informed decision.

2. Get pre-approved for your financing.

Visit a financial institution and find a lender you trust prior to shopping. Be sure to get a mortgage commitment in writing. Being pre-approved gives you a solid price range, and lets your Realtor® and potential sellers know that you are serious about making an offer and following through on the purchase.

3. Get the right people on your team.

Buying a home is a complicated process that involves many people. Having the right people on your team can make a big difference. An experienced, dedicated, and knowledgeable Realtor® can put a team of advocates, including lenders, lawyers, title company representatives, home inspectors and even movers on your side immediately.

4. Communicate clearly and consistently.

The more information you share with your Realtor®, the better he or she will be able to represent you. Letting your representative know exactly what you're looking for in terms of needs/wants, price range, and location can eliminate unnecessary trips to unsuitable homes and will help focus your search to ensure that you wind up in the right home.

5. Location, location, location.

It's still true. The desirability and resale value of your home depends on location more than any other factor. People want a desirable community that includes character, quality of schools, access to work, major transportation arteries and recreational facilities.

On your viewing trips, take a careful look at each of your surroundings and ask the following questions:

- How does this home compare to others in the neighborhood?
- Are yards fenced?
- Are there many children playing in the streets?
- Are the front and back yards and the exteriors of the homes properly maintained?



5. Location, location, location. (continued)

Keep in mind, the less expensive houses in a better area tend to appreciate faster than the most expensive houses in a less desirable area.

Additional factors that affect the property value of a home include traffic, local noise, smells, zoning bylaws, etc. Be objective, and be sure you are completely satisfied with the neighborhood.

6. Use your Realtor's® knowledge and expertise.

Your Realtor® is trained in all aspects of real estate. Some of those facets include understanding supply and demand, along with economics. Professional Realtors® also tend to be experts in the neighborhoods of the city in which they specialize. In fact, a comprehensive knowledge of the available homes in your neighborhood is one of your Realtor's® strongest assets. They can do much of the work for you by reviewing your needs, reviewing available properties, and making an informed match of available homes to your qualifications. And with the aid of computerized systems, a Realtor® is notified within hours when a home becomes available.

7. Pay attention to red flags.

When evaluating a home, be sure you know the difference between acceptable and unacceptable problems. Cosmetic items like peeling paint, worn carpeting or unattractive wallpaper can be easily remedied; they can even be used as negotiation items, as there will be costs involved in updating the home. Major problems, however, are clearly red flags. Look for items such as obvious foundation cracks, water damage, outdated electrical systems and inadequate plumbing. These items could be too expensive to remedy to make the home a worthwhile investment.

8. Hire a qualified Home Inspector.

A Home Inspection is an inexpensive way to gain peace of mind, and guard your pocket book. A proper inspection will cover all areas of the house including foundation, electrical, heating, plumbing, floors, walls, ceilings, attic, roof, siding and trim, porches, patios, decks, garage and drainage. A professional inspector will give you an objective view of the property, along with a written report indicating the present condition of the home and items that will need repair.

9. Be cautious with fixer-uppers

Sometimes, a fixer-upper can be purchased below market value, and once sufficient repairs are made, can then be sold at a significant profit. However, not all fixer-uppers will bring in the profits you might expect. Consumers often overestimate their level of dedication to doing extensive renovation work, and underestimate the costs associated with such work. A wall that needs to be replaced can often lead to the discovery of faulty plumbing, electrical or other major undertakings. Your Realtor® and home inspector are your best allies when it comes to cost-benefit analyses with fixer-uppers.

10. Consider your future needs.

A move can be a major undertaking. Therefore, it's important to take a good look at your current lifestyle and consider the future. Will you need extra space for a home office, a child or perhaps a child moving back home? Perhaps it may be easier and less expensive if you purchase a home that can meet these needs now, rather than moving up to a larger home a few years down the road.

11. Proceed in a timely manner.

When you're ready to buy, you need to be ready to act. Good properties sell quickly. This is especially true given the current state of most real estate markets. Use technology to your advantage. Many Realtors® now have personalized websites which allow you to sign on as a client and receive notification of new listings via email. You save time and effort, and you can view only those homes that come closest to meeting your needs.



12. Clarify relationships.

In any real estate transaction, be very clear about who is working for whom and what that relationship represents. There are two sides to every real estate transaction -- the seller and the buyer. Unless otherwise stated, an agent who represents the seller in the sale of a home, as part of his or her fiduciary duty, must ensure that the seller's position (and not your interests as the buyer) is represented throughout the entire process. Get a buyer's agent on your side, or ensure that someone is acting in your best interests.

13. Ask for a written CMA.

A CMA (Comparative Market Analysis) is an evaluation of comparable homes in a given neighborhood. It shows you the actual sale prices of comparable homes in the neighborhood, along with asking prices of other homes in the area currently on the market. A Realtor® can request this report for any home and neighborhood. Ask for this report in writing. With this valuable document, you'll have solid, reliable information about how fairly a home is priced compared to its real market value.

14. Learn as much as you can about the seller.

Understanding a seller's reasons for moving could work to your advantage during negotiations. For instance, a seller who has been transferred to another city may be more motivated to sell than someone who is still shopping for a new home. A vacant house, or a house that has been on the market for several months and has been reduced in price, could also provide the opportunity for lucrative negotiations.

15. Keep in impersonal.

Conversely to learning about the seller, information about you, the buyer, could be used to your detriment. Information about your mortgage, size of down payment, move-in deadline, or circumstances for buying could be used to the seller's benefit in negotiations. While you want your Realtor® to know these details, maintain your poker face throughout the negotiations and keep your cards hidden with the sellers and their agents.

16. Measure twice, sign once.

While you definitely want to move quickly once you've made the decision to purchase, you don't want to cave in to pressure for a quick close. Someone who is trying to pressure you into buying a home is likely doing so for a reason. Make sure the reasons you buy a home are *your* reasons, not theirs.

17. Exercise your negotiating skills.

Even if you prefer not to haggle, it may be worth the effort -- especially when it's one of your biggest investments. Most people expect to haggle over the price of a home. There is always room for negotiation! Make sure your Realtor® is well-versed in professional home negotiation tactics.

18. Avoid becoming involved in a bidding war.

In some cases, the seller's Realtor® may use scare tactics to rush the sale or increase the price. Falling for this trap could cost you money. If there is another buyer, or some other reason this pressure is being applied, whoever wins also loses because they tend to overpay. Let reason be your guide, not passion.

19. Get it in writing.

Legally, sellers must disclose all known material defects of a property. Ask for this in writing. Also be sure to consider the ramifications of these defects. Are they "serious" defects -- as in red flags? Could they be harmful to you or your family? Will they become costly down the road?



20. Be aware of hidden costs.

While Realtors® often tempt first-time buyers with rent/mortgage comparisons, there is more to a home than simply paying the mortgage. You will be responsible for other financial items as well, including mortgage insurance, appraisal fees, legal fees, inspection fees, transfer taxes, title insurance, inspections, property tax, increased bills, etc. Your Realtor® can give you a good idea of the costs associated with buying a home that are beyond its final negotiated price.

We understand this is a lot of information. By reviewing it often and then putting each tip into practice, you'll find the process may become a little less overwhelming. Utilize this information to the fullest extent, in partnership with your Realtor®, and you'll be sure to find the right home and the right price!