



HomeBuyerEducationOnline.com

You Have Questions... We Have Answers!

How to Stop Wasting Money on Rent and Own a Home Instead

How To Buy The Home You Always Wanted... Without All The Money You Thought You Needed

Buying a home can seem like a frightening prospect. Whether it's your first home, or your fifth, so much is at stake — your savings, your credit rating, your financial freedom.

It's difficult to get up the courage to sign on the dotted line, even if you want that home very, very badly.

How do you determine whether or not the purchase of a home makes sense?

What's the easiest way to examine the whole picture, from emotions to economics?

I suggest that you read this entire report before you go house hunting. You'll learn how to separate whims from true needs. You'll discover how to prepare a game plan for your real estate venture, how to research effectively, choose wisely, finance appropriately and survive the whole procedure with your smile intact.

Seven Steps For Success:

- 1) Establish your needs and wants.
- 2) Determine how much you can afford.
- 3) Get prequalified or preapproved by a Lender.
- 4) Find a good real estate agent to help you.
- 5) Find a home that meets your needs.
- 6) Make an offer to buy a home.
- 7) Save as much as you can on the purchase.

A Lender can let you know what specific loan programs would be best for you. They can also help you understand what it takes to qualify for the loan that you want.

By taking a look at your financial situation and looking at your credit history, a Lender can usually give you a good idea if you can qualify for the loan that you want.

Many Lenders call this "Prequalifying a Buyer." If you would like to be certain that you can be approved for a loan, you may want to ask to be preapproved. In the approval process, all of your documentation is completed and submitted to an underwriter.

The preapproval you get back is an actual loan commitment from a Lender. This means that you definitely qualify for a loan. Talk to your Lender about the costs and time involved, as they are different for each Lender.

The next step is finding a home that also qualifies for the loan.

By the time you've done your homework and completed the suggestions in this report, you will have an excellent overview of how to find and buy your dream home. And you'll have plenty of confidence to back up your decision to buy that special home, too.

Step One: Establish Your Needs And Wants

Begin your search for a perfect home by making a careful assessment of the kind of a home you need and want.

I recommend that you take the time to do this in writing.

Take time, right now, to be as specific as you can about your particular requirements.

Step Two: Determine How Much You Can Afford

Set up a budget for yourself. Decide how much you can really afford to invest monthly for your house payment.

Be realistic here. Most Lenders want your payment to be no more than 28% of your total monthly income.

Step Three: Get Prequalified Or Preapproved By A Lender

You can save yourself a lot of time and heartache by meeting with a Lender before you start your search for a home.

Step Four: Find A Good Real Estate Agent To Help You

You can learn a lot about an agent by just letting them "agent talk" to you about how they help buyers. Within a few minutes, you will probably be able to determine if their style is compatible with yours.

Questions for agents:

1) Are you knowledgeable about the area of town and price range that we are interested in? (Some agents specialize in only one area or one price range.)

2) Do you have the time to work with us? (This is especially important if you're on a tight deadline.) What procedure will the agent follow in working with you? How often will they update you with new property listings?

3) Can you represent me as my buyer's broker? Ask as many questions as you can upfront. By finding a good agent, you will save yourself huge amounts of time and effort.

Step Five: Find A Home That Meets Your Needs

Five Tips for Successful House Hunting:

- 1) Keep an organized record of all your research data. Write down comments about the homes that you see. Keep track of your likes and dislikes.
- 2) Make sure your agent is aware of your time schedule and expectations. Do you like to look at one or two homes in a session? Four? Eight? Discuss this with your agent.
- 3) Tell your agent about any homes you see that interest you and that you'd like to know more about.

This includes homes you've "discovered" as you've explored the area yourself, or those advertised in the newspaper.

- 4) If you like to spend time driving around by yourself looking at homes, ask your agent for a list of drive-bys — homes to consider first from the outside.

Your agent can make appointments later to show you the interior of those that appeal to you.

- 5) Express your likes and dislikes to your agent after you look at a home. Honest communication is essential.

Many buyers are shy and afraid to tell an agent what they really think of a house. They think the agent might take it personally. Remember, the homes don't belong to the agent!

You must be straightforward about your likes and dislikes in order for the agent to do the best job for you.

Step Six: Make An Offer To Buy A Home

Your real estate agent can help you make an offer to buy the home that you want. It is important to know beforehand whom your agent represents.

Some agents work only for the seller. In this case the agent may not be able to advise you what a fair offer to make is.

By looking at what homes are selling for in the area and how long they are taking to sell, you should be able to get a good idea of value.

Step Seven: Save As Much As You Can On The Purchase

There are only two major investments to consider when buying a home. These are the initial investment, which includes down payment and closing costs, and the monthly payment, which includes principal, interest, taxes and insurance.

Here are six ways to save on your initial investment:

- 1) Choose a low down payment loan. You do not necessarily have to put 20% or even 10% down. You can pay 5% or even 3% down on some loans.
- 2) Have someone give you money to pay closing costs. A blood relative, church or nonprofit organization can give you money for closing costs.
- 3) Ask the seller to pay some of your closing costs as part of your offer. Sellers are usually allowed to contribute to a buyer's closing costs.

4) Do not pay too much insurance at closing. Some tenders want 14 months hazard insurance paid at closing. Others want 15 months.

What happens to that extra money? It sits in your escrow account until you sell the house. It is safe here, but it often earns no interest.

5) Shop around for your home insurance. A little shopping can save you money.

6) You can deduct money paid for discount points from your gross income before computing your tax. See a CPA for more information.

Here are four ways to keep you monthly payments low:

1) Get a loan that doesn't have monthly mortgage insurance premiums. You may be able to reduce or eliminate them by paying a little more at closing. By putting 20% or more down, you can eliminate them entirely.

2) Take advantage of rate lock programs that are currently available. You can lock in a low interest rate 30-45 days in advance.

3) Remember that interest payments on a primary residential mortgage are fully deductible in most circumstances. Your property taxes may also be deductible. Tax rates definitely favor homeowners.

4) Choose an adjustable rate mortgage. Adjustable rate mortgages (or ARMs) can be up to 3% lower than fixed rates.

Now that you have finished this report, it's time to go out and find the home of your dreams!

Make sure that you cover all of the steps in this report in the proper order. See a Lender first. He or she will help you decide how much of a loan you qualify for.

Then find a good agent to work with. If you don't have one, ask your friends and work associates for a referral.