
INTRODUCTION

THERE'S NO PLACE LIKE HOME

Home Is Where the Heart Is

In 1948, Stanley and Wini Reben bought their first home for ninety dollars down. It was one of the many tiny two-bedroom Cape Cod homes springing up all over Levittown, New York, after World War II.

“I was thrilled,” Wini remembers, more than half a century later. “After living in an apartment, those four rooms were like a palace.”



*The typical Cape Cod home of Levittown, New York, ca. 1948.
Image courtesy of the Levittown Public Library collection.*

Built at the astonishing rate of thirty a day, the homes in America's first planned community were small and affordable, often purchased with low-interest loans the government offered returning GIs. Stanley, who had just finished service in the Coast Guard, and Wini, who worked at a cosmetics counter at a local store, borrowed their down payment and occupied their \$8,000 home before their street was even paved.

Levittown's 17,000 homes were built in an assembly-line fashion—they were identical on the inside and nearly so on the outside as well. In fact, a folk tune popularized by Pete Seeger in the 1960s dismissed planned communities like Levittown as “little boxes made of

ticky-tacky” that “all looked just the same.” But Stanley and Wini would tell you today that the home is defined by the homemaker, not the house itself. You see, the people who moved into the houses were all unique, with their own ideas about what makes a house a home.

The Rebens added a deck and finished the attic. Their neighbors added porches and gardens, bay windows, and dormers. Over the years, the fruit trees planted by the developers in each yard stretched their branches toward the sky, each taking a slightly different path. Fifty years later, when the Levittown Historical Society set out to purchase a home in its original condition, there were absolutely none to be found. All the once-identical houses had been individually transformed into homes as distinct as the people who lived in them.

And for those of you curious to know how much those 1948 homes later were selling for, a quick check of Levittown's real estate postings revealed 2007 prices in the \$400,000-plus range.



*A Levittown home today.
Image courtesy of the Levittown Public Library collection.*

Your first home may come with jewel-toned carpets or solid-beige walls. It may be a challenging fixer-upper, a quaint old cottage, or a sleek modern. But from the moment you unpack your furniture and start hanging your pictures, your home becomes a mirror that reflects your taste and personality, your likes and dislikes, your values, and your dreams. It becomes yours because you make it yours.

The pride of ownership that comes with buying your first home is inevitable. Over the days and months to come, you will most likely create an environment of your very own—one that expresses your taste, style, and creativity. A home is also your haven—a place where

you can be yourself and escape from the daily grind of the outside world. Once that front door is shut, you are free to be and do as you please.

There is a special category of life's firsts. First kiss. Driving for the first time. Going away to college. Starting your first job. Saying, "I do." Having a child ... All these unique moments bring significance to the story of your life. Whether you're from Calgary, Cocoa Beach, or any place in between, walking into your own home for the first time is just as magical.

Gary's First Home



When I was growing up, home had three different addresses in Houston, Texas. But some of my fondest memories are of my very first one, which was also my parents' first home. It was one of those sturdy tract houses you saw everywhere in the 1950s—three tiny bedrooms, two baths with shiny, pastel-colored tiles on the walls, a small den, and a tight two-car garage.

Our home stood on Dorothy Street, surrounded by others that were almost identical except for the color. The homes were separated by chain-link fences that kept the kids and pets safe but still freely invited conversations between neighbors. The lawns were all mowed and manicured. It was a great place to grow up. Looking back, I'm not surprised that the first house I wanted to buy—the one that got away—was the spitting image of that childhood home.

When I think of that house, so many heartfelt memories come crowding in. I recall my dad playing with us on the hardwood floor and tossing us up in the air. There was the huge swing set in the backyard. It wasn't one of those lightweight ones that rocks back and forth. Dad bought ours from a place that sold park playground equipment and then cemented it into the ground. It had swings, a slide, monkey bars, and even a trapeze, and it set the stage for many adventures. He also built a sandbox next to it, and my buddies and I spent hours there building tunnels and playing with our plastic cars and trucks. We built elaborate backyard forts, using

cardboard boxes we scavenged from the nearby furniture store. Each summer Dad put up a blue plastic pool that would hold seven or eight kids. Everyone in the neighborhood congregated there.

I can still see my mother standing at the back fence and talking to our neighbor, Mrs. Ramsey, and my father, with a bandana around his head, mowing the lawn in his plaid shorts, dress shoes, and dark socks—dads didn't wear tennis shoes back then. I remember the cozy, wood-paneled breakfast nook with a Formica table where we gathered for meals, and where my mother once washed my mouth out with soap for saying something she thought was disrespectful. I recall birthdays and holidays, especially the aluminum Christmas tree with the color wheel—my two sisters and I spent hours watching the tree change colors as the wheel turned. Dad built a workshop in the backyard. He had someone pour the concrete foundation, and he constructed the rest. I carried his tools, and it was there I first learned how to hammer nails. Building the workshop took him a year, and although it was only 12 foot by 12 foot, I thought it was huge.

In each of our moves, my parents used the money they made from the previous home sale to buy something bigger with nicer features. Our third and last home had dark paneling, bright red carpeting, and a mural, painted by the builder's wife, in the formal dining room—my parents walked in and fell in love. For them, it was their dream home. And for the rest of my school days, it was mine, too.

Buying your first home is probably the most exhilarating material experience you can have. Nothing else compares. It's where you hang your hat, where you rest your head; it's a source of security, an investment in your financial future. More importantly, a home becomes part of the psyche that houses your most powerful memories. You can reminisce about a rental, but you'll never love it the same way. Your home is where you build a workshop or cement a swing set into the ground or plant a rose garden like my dad and I did. There really is no place like home, especially when it's your own—and it's on Dorothy Street.

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special property, the agent will also lead the way as your home is researched, assessed, negotiated, contracted, inspected, appraised, surveyed, packed, financed, insured, and, finally, purchased.

Of course, if you want to delve into the details, by all means, go ahead. We simply encourage you to remember that it's not necessary. It's perfectly reasonable to do what Dawn did—that is, to build a team you trust to handle the fuss.

The Four Fundamental Principles of the Real Estate Buying Process

No matter how much or how little you decide to learn about the details of your transaction, we've found four principles that apply to nearly any aspect of the process. In our years of experience, we have also identified some basic mistakes first-time home buyers are prone to make. Applying these proven principles will help you navigate through them.

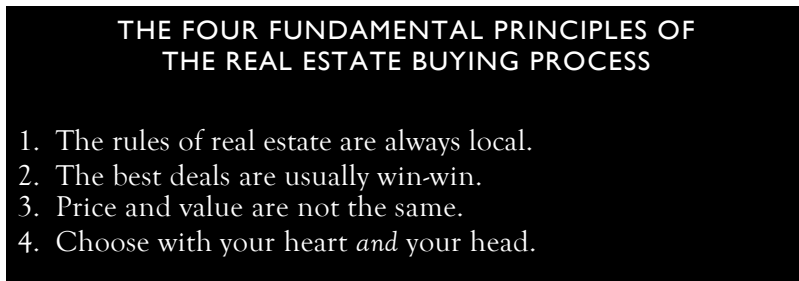


Figure 1.4

Principle 1: The Rules of Real Estate Are Always Local

Markets change from year to year and from neighborhood to neighborhood. If you're shopping for a \$150,000 home in San Antonio, Texas, you don't need any advice based on what the market was like when your parents bought, or what the market is like in Detroit, Michigan, or in fact, in the \$300,000 neighborhood across the river in Windsor, Ontario. As for your brother-in-law's hot advice for scoring a Bay Area bungalow? Let it go. Your cousin's rules of real estate? Plug your ears. Or at the very least, take them with a great big grain of salt. You only need to understand what is available for \$150,000 in San Antonio right now—nothing more, nothing less.



Similarly, we also encourage skepticism toward the simplistic advice you may have heard. You know what we mean: *Always offer below list price. Never look above your price range.* Adages and absolutes like these can blind you to the realities of your unique market, a specific property, or your personal needs and can keep you from seizing the opportunities before you.

Also, real estate laws, procedures, and practices are local. They vary significantly from province to province, state to state, and city to city. The way a real estate transaction closing was handled for your brother-in-law in California or your sister in Quebec may not be the way it's handled where you're buying your home. One of the key things your real estate agent will do for you is educate you on how real estate transactions are handled in your area and guide you step by step through the process.

Principle 2: The Best Deals Are Usually Win-Win

Everything in real estate is negotiable, so don't be afraid to ask for what you really want. Still, negotiations end when the parties involved become inflexible. The solution? Find a win-win outcome that accomplishes what both parties really need. That's why it's important to prepare for any real estate negotiation by deciding where you will and won't be willing to compromise. In the end, there is always a certain amount of give and take. You hold on to those things you really want, and you offer up those things that the other person wants and aren't as important to you. In chapter 5, we will show you how to craft a competitive offer in which both the buyer's priorities and the seller's needs are met. Remember, where there's a will, there's a way—a way to a great deal for you.

Principle 3: Price and Value Are Not the Same

A common mistake occurs when people focus on price, not value. This applies to the home you buy as well as the professionals you use. Being cost conscious is always wise but being value conscious is even wiser. Price and value normally correlate: you usually get what you pay for. But when looking beyond the surface, always be clear about what you want and what matters, and then expect to pay a fair price for these. Just because it's cheap doesn't make it a bargain. Think of buying a home as a search for value.

We also want you to think of value as quality at a reasonable price. Just as you seek out value in the home that you buy, also look for value from the professionals you hire. After all, you're more than likely making one of the biggest purchases of your life. This is no time to cut corners. That half-price inspector may save

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you

\$200 today but could miss a structural problem that costs you thousands tomorrow. You should be able to count on your lender to lock in the best rate and deliver all necessary paperwork by closing. If a discount lender drops the ball, your closing could be delayed, it could cost you considerably more money, or it might possibly even cause you to lose the home.

So don't set yourself up for hassles, headaches, or dead deals. Look for value—that is, integrity, reliability, and impeccable service—from all the professionals you hire. This principle has always been true and will always be true: you get what you pay for.

Principle 4: Choose With Your Heart *and* Your Head

Whatever property you buy will be both your home and a major financial investment. You want to find a home you absolutely love. A home that seems to fit your life located in a neighborhood that just feels

right. At the same time, you want the property to be a solid financial asset—one that is structurally sound and appears to be well positioned to appreciate in the future. In the end, finding that perfect place for you means balancing emotion and rationality. When you're out looking for your future home, go ahead, let your heart guide you. But when it's time to buy, step back and think with a cool head. In a few years, when you may want to sell the house, you will be very glad you did.

The Eight Steps to Buying Your First Home

As you step out to buy your first home, a lot is going to happen. We want you to remember that you will be expertly guided through this process and, because of this, it will be easier than you think. However, a general understanding of each step along the way will make you more comfortable and confident. Each chapter of this book will introduce you to the language, concepts, and events you can expect as you move through the eight steps.

Congratulations! You've already taken the first step—you've decided to buy your first home. The next step is to find trusted advisers to guide you through the process. In chapter 2, we'll discuss how to choose a real estate agent who will educate you about your local market, negotiate on your behalf, and make sure no criti-

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cal detail falls through the cracks.



Figure 1.5

One of the first questions any buyer asks: what can I afford? This is definitely something to answer as soon as possible, and certainly before you fall in love with a home that ends up outside of your price range. The only way to know for sure is to get preapproved for a loan. Chapter 3 explains the factors you should consider as you weigh the many financing options available in today's mortgage market.

One of the most important things you must explore is your wants and needs to gain a clear understanding of what's most important in your future home—that is, you must develop your home-search criteria. Chapter 4 will prepare you for the kinds of questions to ask yourself during this critical stage. Armed with your home-search criteria and a preapproval letter, you'll be ready to go find the right home for you, and we'll equip you with proven strategies for your home search.

Chapter 5 will explain offer-writing and negotiating strategies that will make that home yours. However, the game doesn't end when the seller accepts your offer. The period from "contract to close" is when you and your lender make all necessary verifications (due diligence) to assure your home is financially, legally, and structurally sound. Chapter 6 will provide an overview of inspecting the property, making repairs, and reaching a final agreement with the sellers. Chapter 7 covers what to expect at the closing, and what can be

done to

make sure your closing is as smooth as possible. Finally, chapter 8 outlines our tips for taking good care of your home and increasing its value—as a place to live and as an asset to sell.

It may feel like an eternity from now, but some day in the not too distant future all the decisions will have been made. All your questions will have been answered. All the arrangements will have been prepared, checked, and double-checked. You'll sign the official papers on closing day, and your life as a home owner will actually begin!

There's No Place Like *Your* Home

In short, finding a home isn't quite as easy as clicking your heels three times, but it doesn't have to resemble a battle with wicked witches and flying monkeys, either. With a trusted team of advisers and a handful of clear strategies, you'll have the knowledge and confidence to find the home that's right for you. And then, some day soon, you'll be there. You'll unpack the boxes, pick out draperies, toy with furniture arrangements, and send photos to friends. You'll feel that same satisfaction and excitement that Wini and Stanley felt in Levittown: *there really is no place like your home.*

Notes to Take Home

- Purchasing your own home is a great investment.
- Done right, home ownership lays the foundation for a life of financial security and personal choice.
- There are specific financial reasons to buy a home; among these are equity buildup, value appreciation, and tax benefits.
- Those who have the most fulfilling lives base their decisions on facts, not fears.
- The following facts help dispel fears about purchasing your first home:
 - If you are paying rent, you very likely can afford to buy
 - There is never a wrong time to buy the right home. All you need to do in the short run is find a good buy and make sure you have the financial ability to hold it for the long run
 - The lack of a substantial down payment doesn't prevent you from making your first home purchase
 - A less-than-perfect credit score won't necessarily stop you from buying a home
 - The best way to get closer to buying your ultimate dream home is to buy your first home now
 - Buying a home doesn't have to be complicated—there are many professionals who will help you along the way
- Here's the most important rule for keeping your stress to a minimum: you don't have to know everything.

Mo's First Home



Growing up the daughter of a tenant farmer in Enid, Oklahoma, I always dreamed of owning my own home. My husband and I were thirty years old with two small children and living in a rental house in nearby Ponca City when God finally answered our prayers. We had saved a small amount of money for a down payment and put together a wish list. Then we learned that our neighbors who lived two doors down were planning to sell their house.

The house had everything we wanted: three bedrooms, two baths, and a nice-sized backyard for the children. It also had two big selling points—a large master bedroom that had been added and a huge family room with a fireplace and hearth. That big room is what sold us! I could see our families gathering around that big fireplace during holidays—our parents and siblings, nieces and nephews. All that, and it was in our price range—less than \$20,000.

Excitedly, we approached our neighbors about buying their house. We purchased without the guidance of an agent, and our neighbors sold to us without an agent so they could save the cost of the commission. In retrospect, the transaction was not the easiest, but I still remember the thrill of finally having a home of our own and no longer being a renter.

Soon after we moved in, it started raining after a long drought. The house leaked like a sieve! We had to put buckets everywhere to keep from getting soaked. What a difficult turn of events for a young couple with two children and very limited finances. We had to use the money we had set aside to buy furniture so we could fix the roof instead. So, while our neighbors had saved a little money, we learned an important, costly lesson. From then on, we always used an agent.

Although we got off to a rocky start, I have wonderful memories of our first home. Raising our children. Visiting with our great neighbors. Watching our kids run in and out of the house and play in our backyard. All those dreams I had of sharing Thanksgiving and Christmas gatherings with the people we loved most sitting around that wonderful fireplace in our family room came true. It was even better than I had imagined.

We sold that house twelve years later for about \$28,000 and put our equity into a brand-new home with 2,800 square feet. It felt like we had moved into a mansion. We still own that second home and stay there whenever we go back to Ponca City from Austin, Texas, where we live.

Our first little house taught us a lot. I learned that owning a home is a big responsibility. You have to keep up your house and lawn even when you don't have much money because that's part of being a good neighbor.

One of the biggest lessons I learned was not to let fear influence your decisions. When we bought our first home, we also had the option of buying a new one for just over \$5,000 more. As a financially strapped young family, that amount scared us to death—even though we qualified to purchase it. That house sold for \$50,000—around the same time we sold ours. The owners doubled their investment!

Most of all, I learned the joys of home ownership. As a tenant farmer's daughter, I probably appreciated it more than most people. After all this time, and all the houses we have owned, I still do.

Mo Anderson is Vice Chairman of the Board of Keller Williams Realty International.

- *I WANT TO BUILD UP EQUITY QUICKLY.* Consider a loan amortized over fifteen or twenty years, or take out a thirty-year mortgage and make voluntary prepayments. These are also good choices if you value paying less interest over the life of the loan and building up the equity you have in the home. This can positively impact your financial net worth and your credit worthiness.
- *I WANT TO MINIMIZE RISK.* A thirty-year fixed-rate loan with a 20 percent down payment is probably your safest option in the United States. You move in with equity already in the property, and your interest rate is locked in for the life of the loan, no matter how high interest rates may climb after you move in. (If you live in Canada, we advise you to discuss your loan options with your mortgage specialist to minimize risk.)

Remember, as a first-time home buyer, we urge you to consider all your options carefully, including government-sponsored first-time buyer programs. We think you'll enjoy the benefits these programs offer and thank yourself for years to come.

Creative Financing

The evolving consumer lending landscape at times makes conventional financing somewhat more difficult, expensive, or perhaps altogether unavailable. So, as an option, we'd like to introduce a set of time-tested financing strategies that may be available to you regardless of unfavorable economic circumstances, whether general or personal.

Creative financing incorporates a set of strategies that can help you buy a property with less of your own money used as a down payment and may even lower your monthly payment. A common creative financing scenario involves a seller with a specific situation that may work to your advantage such as a high equity position in the seller's home and a need to sell. The situation presents a unique opportunity in which you and your real estate agent construct a creative transaction that meets the seller's goals and still works for you.

The following four examples represent common ways to execute creative financing. First, a seller may offer owner financing. In this case, the seller actually holds the mortgage for you while you make payments. A second situation involves your assumption of the seller's mortgage. In this scenario, the seller's mortgage lender allows you, the buyer, to take responsibility for the seller's mortgage. A third situation is called a wrap finance,

where the owner offers you a new loan while keeping and paying down the original loan (the new loan

“wraps” the seller’s original loan). The fourth concept is a lease option in which you lease the property from the seller until you have the equity or cash to buy it. If you’re challenged to find financing through conventional means, you might consider ways you can employ creative financing to help you achieve your home purchase.

While owner financing is widely available, please note that not all mortgages are assumable and many mortgages have a “due on sale” clause that will involve the lender’s notification and approval for one to be assumed or wrapped. Be aware that some areas don’t permit lease options or their variations: deed-for-contract and lease purchase. We recommend you ask your agent to connect you with a reputable real estate attorney if you choose one of those creative-financing options.

Figure 3.11 illustrates how the numbers might work in a scenario where you, the buyer, attempt to take ownership of a \$100,000 property through creative financing. You’ll note that conventional financing (column 1) is included as a point of reference for these creative variations.

In all four of the ownership scenarios (columns 1-4), it is important you understand that a private second loan can also come from the seller. Just know that secondary liens in general carry less favorable terms for the buyer—it’s about collateral. First liens are generally secured against the property and first in line if the deal goes sour and the property must be liquidated to pay back the loan. Secondary lenders account for this in the terms they offer. The main thing to recognize is the many financing options you have when buying a home. Sometimes you just need to look in less obvious places to find them.

Canadian agent Sylvie Begin of Ottawa, Ontario, did just that. Her clients were second- and third-year medical students who had rented a place for several years, one they absolutely loved. “At the time, they earned a modest student salary and really couldn’t qualify for a conventional mortgage,” Sylvie recalls. “They were about to start their medical careers and knew they’d be making much more money in a few years, so future income really wasn’t a concern.”

Sylvie’s clients wanted to stop wasting money on rent, so creative financing made perfect sense. And the seller, who was the clients’ landlord at the time, was happy to work with them. After agreeing on a price with the seller, Sylvie negotiated a lease option purchase in which her clients would pay a few hundred dollars extra each month in addition to rent. The seller/landlord held the extra money, and it accumulated as an

Basic Creative Financing for Property Acquisitions

<p style="text-align: center;">{1}</p> <p style="text-align: center;">CONVENTIONAL FINANCE</p> <p style="text-align: center;">Owner Owes \$0 to \$100,000+</p> <ul style="list-style-type: none"> • \$80,000 Conventional Loan • \$20,000 Down Payment • One Monthly Payment <p style="text-align: center;"><i>or</i></p> <ul style="list-style-type: none"> • \$80,000 Conventional Loan • \$10,000 Conventional Second • \$10,000 Down Payment • Two Monthly Payments <p style="text-align: center;"><i>or</i></p> <ul style="list-style-type: none"> • \$80,000 Conventional Loan • \$15,000 Private Second • \$5,000 Down Payment • Two Monthly Payments 	<p style="text-align: center;">{2}</p> <p style="text-align: center;">OWNER FINANCE</p> <p style="text-align: center;">Owner Balance: \$0 to \$20,000</p> <ul style="list-style-type: none"> • \$80,000 Loan from Owner • \$20,000 Down Payment • One Monthly Payment <p style="text-align: center;"><i>or</i></p> <ul style="list-style-type: none"> • \$80,000 Loan from Owner • \$10,000 Private Second • \$10,000 Down Payment <p style="text-align: center;"><i>or</i></p> <ul style="list-style-type: none"> • \$5,000 Down Payment • \$95,000 Loan from Owner 	<p style="text-align: center;">{3}</p> <p style="text-align: center;">ASSUMABLE FINANCE</p> <p style="text-align: center;">Owner Balance: \$80,000</p> <ul style="list-style-type: none"> • \$80,000 Assumed from Owner • \$20,000 Down Payment <p style="text-align: center;"><i>or</i></p> <ul style="list-style-type: none"> • \$80,000 Assumed from Owner • \$10,000 Private Second • \$10,000 Down Payment <p style="text-align: center;"><i>or</i></p> <ul style="list-style-type: none"> • \$90,000 Assumed from Owner • \$15,000 Private Second 	<p style="text-align: center;">{4}</p> <p style="text-align: center;">WRAP FINANCE</p> <p style="text-align: center;">Owner Balance: \$80,000</p> <ul style="list-style-type: none"> • \$90,000 New Loan from Owner • Owner Continues to Pay Original Loan • \$10,000 Down • One Monthly Payment <p style="text-align: center;"><i>or</i></p> <ul style="list-style-type: none"> • \$95,000 New Loan from Owner • Owner Continues to Pay Original Loan • \$5,000 Down Payment • One Monthly Payment 	
<p>OR If you can't utilize one of these <i>Creative Financing</i> opportunities for <i>Ownership</i> of the property, you may be able to <i>Lease Option</i> the property until you're able to take ownership.</p>				
<p style="text-align: center;">{5}</p> <p style="text-align: center;">LEASE OPTION</p> <ul style="list-style-type: none"> • Lease the property while you accumulate enough savings to buy it from the owner. • Option to buy at end of the contract. 				

Figure 3.11

eventual down payment. Sylvie adds, “The key for my clients was to agree on a price with the seller, especially in a scenario where the real estate market might be flat or depreciating in a year or two.”

Both parties agreed on the amount of a nonrefundable deposit check, which guaranteed the buyers an option—an exclusive right to purchase the property at the agreed-upon price in a predetermined time period. The parties also agreed on the option expiration date. Every piece was negotiated, including the por-

tion of the rent that went toward the down payment.

They closed about eighteen months later and the home was theirs. “It was a win-win deal for both my clients and the seller,” Sylvie notes. “All elements were agreed upon in advance, and the tenants, my clients, always had the ability to opt out at any time by giving up a nonrefundable deposit and any extra payments made toward the property.”

The Suitcase Principle

Imagine you’re packing to go on vacation. You get out your suitcase and start filling it with T-shirts and shorts, your toothbrush and swimsuit, and a nice outfit in case you go out for a formal dinner. You pack everything you know you’ll need to make your vacation as fun as possible. However, you probably won’t pack the suitcase so tight you have to sit on it to get it closed. You know that once you get to Boise or Bali, you’ll probably find something you want to bring home. So, you leave room for the unknown.

The suitcase principle applies just as well to mortgages. When you get your preapproval letter, make sure the monthly payment is an amount you feel comfortable paying each month. Lenders are careful, but they make qualification decisions based on averages and formulas. They won’t understand the nuances of your lifestyle and spending patterns quite as well as you do. So, leave a little room in your suitcase for the unexpected—for all the new opportunities your home will give you to spend money, from furnishing the guest bedroom to landscaping the lawn. “You don’t want to be so strapped that you can’t go out and buy a flat of flowers,” says Mary Anne Collins, an agent in California. “You want to be able to afford the things that make a house a home. If you max out what a loan originator says you can afford, you might not be able to do that.”

As a general rule, we recommend spending no more than a third of your gross monthly income on your first home payment. Historically, banks used a ratio called 28/36 to decide how much buyers could borrow. An approved housing payment couldn’t be more than 28 percent of the buyer’s gross monthly income, and his or her total debt load, including car payments, student loans, and credit card payments, couldn’t be more than 36 percent. (In Canada lenders apply similar formulas to determine how much a buyer can afford. The Gross Debt Service ratio, or GDS, is not to exceed 32 percent of the buyer’s gross monthly income, and the Total Debt Service ratio, or TDS, is not to exceed 40 percent of the buyer’s total debt load.) As home prices

YOUR LENDER DECIDES WHAT YOU CAN BORROW



Olivia and Alex each earn \$4,000 a month. Traditionally, their maximum housing payments would be 28 percent of their incomes, or \$1,120.



However, their financial profiles are really very different, leading them to very different decisions about how much they can afford.

BUT YOU DECIDE WHAT YOU CAN AFFORD

OLIVIA HAS \$15,000 IN STUDENT LOANS, JUST BOUGHT A NEW CAR, AND HAS SEVERAL CREDIT CARDS WITH BALANCES.

ALEX'S STUDENT LOANS ARE PAID OFF, HE HAS LITTLE CREDIT CARD DEBT, AND HIS CAR IS AN ECONOMY MODEL.

Car payment	\$350
Student loans	\$150
Credit card minimum	+ \$150
Monthly nonhousing debt	\$650
Maximum total debt payment (36 percent of \$4,000)	\$1,440
	- \$650
Safe housing payment	\$790

Car payment	\$200
Credit card minimum	+ \$50
Monthly nonhousing debt	\$250
Maximum total debt payment (36 percent of \$4,000)	\$1,440
	- \$250
Safe housing payment	\$1,190

Figure 3.12

have risen, some lenders have responded by stretching these ratios to as high as 50 percent. No matter how expensive your market, though, we urge you to think carefully before stretching your personal budget quite so much.

Deciding how much you can afford should involve some attention to how your financial profile will change in the coming years. If you expect to incur a bunch of new costs—for example, if you plan to start a family—it might be smart to scale back. On the other hand, if you're about to get a big promotion, make your car payment, or send a child from private day care into public kindergarten, you may be able to afford a little more. In the long run, your own peace of mind and financial security will matter most.

Finding the right mortgage takes a little work, but you'll find that the effort is well worth it. Chosen wisely, your home mortgage can be one of your best financial assets. It's what enables you to fulfill the dream of home ownership. It helps ensure your financial security through building equity and net worth. As your equity grows, it will be a valuable source of credit worthiness and financial stability.



Notes to Take Home

- Follow these six steps to financing your home:
 1. Choose a loan officer.
 2. Make a loan application and get preapproved.
 3. Determine what you want to pay and select a loan option.
 4. Submit to the lender an accepted purchase offer contract.
 5. Get an appraisal and title commitment.
 6. Obtain funding at closing.
- You don't need to save up a lot of money for the down payment. A conventional mortgage can require as little as a 5 percent down payment, and there are even some first-time buyer programs that require even less.
- Having the right loan officer (or mortgage specialist) working for you assures that all the details will be handled in an accurate and timely manner and that you will receive sound financial advice.
- Remember, lenders determine what you can borrow, but only you can decide what you can afford.
- Understanding the three basic parts of a mortgage loan—down payment, interest rate, and terms—will help you choose the best one for you.
- Visit YourFirstHomeBook.com for worksheets and other helpful resources.

Mary's First Home



The first fourteen years of my life seemed idyllic. My family lived in a wonderful home in Greeley, Colorado. I was the middle child of five. Then one day our lives changed dramatically. My father was injured in a major automobile accident and unable to work, and we had to sell our home and move into a rental. It was a sad day when we packed up and left the home we loved.

Having been through such an ordeal, you can imagine how my father felt when, at the age of twenty-nine, I purchased a home for the enormous sum of \$52,000—a lot of money back in 1975. Still somewhat distressed, he told me I was making the biggest mistake of my life.

At the time my husband and I lived in an apartment two blocks from a California beach after spending a year traveling around the country in a mobile home. My son was one year old, and I was pregnant with my daughter. I was determined that my kids would have a home with a yard where they could play barefoot in the grass. We found exactly what we had in mind: a two-story home close to the beach with a park and elementary school nearby. It had a huge backyard just as I had imagined.

We had no savings, but we purchased the home using my husband's Veteran Administration benefits. We still had to sell one of our cars to make the down payment. I didn't care because having that home far outweighed

any inconvenience. I had a bike outfitted so I could carry both my babies to the grocery store and travel around the neighborhood.

I was so thrilled to move into our first home that even as pregnant as I was, I went to work knocking out the wall between the dining room and living room, redoing the fireplace, wallpapering the bedrooms, painting the upstairs, and landscaping. My daughter came two weeks later. I loved bringing her home from the hospital to the room I had decorated for her.

Even today, that first home means more to me than anything I've purchased since. It was our children's first home, where we put down roots for the first time and really felt secure. My husband built a gazebo in the backyard and I made even more improvements, putting up shutters and planting two magnolia trees in the front lawn.

I remember one of the real estate agents we interviewed when we began our search told me that the mature thing would be to go home and save some money, and then we'd talk. Thank goodness we didn't listen. We

CONSULTATION PREPARES YOU FOR THE RULES OF YOUR MARKET

As your agent is helping you probe what you're looking for in a home, make sure you take the opportunity to understand the rules of your unique market. Consider the following questions:

1. How fast are homes selling in my price range?
2. What kinds of homes are selling the fastest?
3. Am I likely to face a multiple-offer situation?
4. What should I expect to include in an offer to help it get accepted?
5. What kind of terms and conditions are typically included in a contract?

(A DETAILED DISCUSSION OF OFFER WRITING COMES IN CHAPTER 5.)

sold that California house for \$76,000 a year after we bought it and used the profit to finance our dream: a home on a Colorado mountaintop.

I think having a home means more to me and my siblings because we know what it feels like to lose a home we loved. Today, every one of us owns a beautiful home. And although it took awhile, my parents were finally able to buy another home, which they eventually owned free and clear.

Mary Tennant is President of Keller Williams Realty International.

Figure 4.5

- **HOW YOU'LL BE NOTIFIED OF NEW PROPERTIES?** You may get a daily e-mail, or you may get a phone call a few times a week. Find out how and when you can expect to be informed.
- **WHAT ARE THE RULES OF YOUR LOCAL REAL ESTATE MARKET?** You need to be prepared for the offer process before you find a home you love. This is particularly important if you're in a hot market where you may need to act quickly.

Sizing Up Homes

Searching for homes is a little like dating: you have a pretty good idea what will make a good match, but you never know exactly when the sparks will fly. You might spend a few weeks combing the market, or you might fall in love your first trip out. No matter how long it takes or how many stops on your journey, getting the right home under contract is essentially a three-step process:

1. Check out homes that match your criteria.
2. Write and negotiate an offer on the right home.
3. Inspect the property before finalizing the deal.



At the end, you can take the optional fourth step of breathing a big sigh of relief because once you and the seller have agreed on a final contract, you're in the home stretch.

It's the big day: your first trip to see homes. You meet with your agent, Cindy, to review the list of homes she picked out of the MLS (Multiple Listing Service) based on your personal criteria, and then you head to the first property. Cindy opens the door, and you both step inside. What happens next is a team effort.

What You See

You've just arrived at 123 Mockingbird Lane. From the MLS printout, you know it's got three bedrooms and two baths, just like you wanted. From the sidewalk, it looks fantastic. As you step into the living room, you're immediately wowed by the fireplace and its classy stone hearth. You mentally arrange your furniture and decide your couch would fit perfectly against the side wall. As you move to the kitchen, you note that it's open and spacious, but you also wonder if there's enough counter space for the high-intensity cooking you love. Walking through the bedrooms, you think they seem a little small, but that master bedroom has a great walk-in closet and a nice view of the yard. As you head back downstairs, you think you might really like it—but it's your first home to visit so you're not quite sure.

What Your Agent Knows

Your agent follows you inside. Having previewed the home before showing it to you, Cindy knows the fireplace is beautiful but also knows that most of the homes in the subdivision have them. When she worked her way through the house, she looked for telltale signs of disrepair. Cindy hadn't seen any stains on the ceiling, so she's thinking there hasn't been any major leaks. However, she had seen some slight cracks around some of the windows, and one of the doors had stuck. This told her the foundation could become a problem down the road. She knows the yard is bigger than most of the ones nearby and has especially elaborate landscaping.

Comparing Notes

Above all, your property should be right for you, however offbeat and funky your tastes may be. Remember, though, that someday you will have to sell this home to someone else, and in the meantime you'll have to deal with maintenance. If your agent strongly cautions you against a particular home, we urge you to pay attention. If you had decided that Mockingbird Lane was the right home for you, for example, Cindy would have

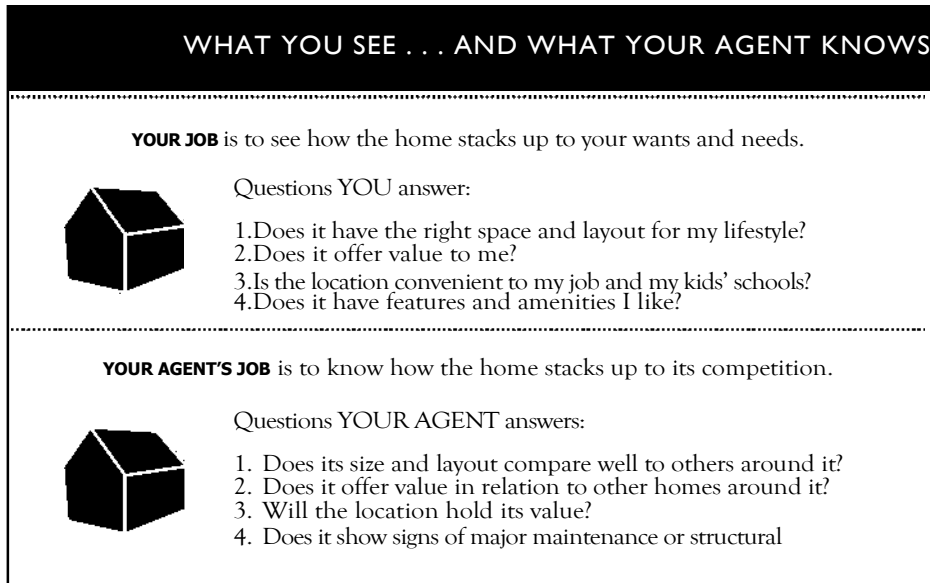


Figure 4.6

cautioned you that foundation problems could crop up at some point and encouraged an inspection before you made an offer. Even if you don't mind a sticking door or two, the next buyer might. "I want to be excited with you, but I'm also looking at our relationship," says Austin, Texas, agent David Raesz. "In five or seven years when you're ready to sell, I don't want you saying I got you into something I can't get you out of."

Refine As You Go

Every property teaches you something. As your search progresses and your knowledge grows, tap into these new insights to continually refine your criteria. Imagine, for example, that you decided to look for homes in the Mockingbird Lane area because of its convenient location, even though the homes are a little smaller and older than you'd like. Then, after looking at a dozen homes in the area, you realize they all share the same flaw—they're all just a little too small. Maybe it's time for you to reshuffle your priorities and consider a longer commute in order to buy a bigger, newer home. These kinds of refinements are perfectly normal. In fact, they

Details You May Want To Consider

1. How do you like the neighborhood at different times of day?
2. Do you know what the traffic is like during rush hour?
3. How will the light be at different times of day?
(Is the house too dark and dim, or too hot and bright?)
4. How does noise carry?
5. Does the floor plan “flow,” or does it have a lot of tight corners and poorly placed appliances and cabinets?
6. Is the kitchen conveniently laid out?
7. Is there enough room for storage?
8. Will your favorite furniture fit, or are you willing to replace it?

Figure 4.7

enhance your search as you share them with your agent and use them to better focus on the right property for you.

There are also some helpful things you can do while you evaluate homes during your search. After a day or two of looking at several properties, it can become hard to remember which homes were more appealing and why. In fact, after viewing numerous homes in a few hours, they can become one big blur.

To help you remember each home distinctly, take along a notepad and write down the address of each property you visit before you get out of the car. While you tour the home, take short notes about the things you like and don't like and note a distinguishing feature (for example, a purple birdhouse or a stained-glass window) that will jog your memory after a long period of looking.

You can also write your home notes on the back of the MLS information sheet that your agent will typically provide you for each property you visit. Then, when you get home, you can sit down and sift through your notes and start to rank the properties according to affordability, size, features, amenities, condition, layout, and location, among other things. After you do this a few times, it becomes easier to figure out which homes don't fit your needs and which ones do. Then, with a top ten list (or better yet, top two or three), you can ask

your agent to take you back for a second look. Please note that in some markets and for some homes, you need to be prepared to move faster than the pace we are describing. You also may choose to check out some homes without your agent.

During your second visit to a home that has made the cut, take a little more time wandering through it and taking notes. Look a little more closely at the roof, walls, floors, layout, bedrooms, and bathrooms. Venture outside and stroll around the yard, front and back. Imagine what it would be like to live there. And then, when you think you've found the one, it's time to get serious about making an offer, which we'll cover in the next chapter.

Notes to Take Home

- Careful consultation with your agent is the way to more accurately pinpoint what you are looking for. The right house will meet all your important needs, and as many of your additional wants as possible.
- The questions you should ask yourself include: °
 - What do I want my home to be close to? °
 - How much space do I need and why? °
 - Which is more critical: location or size? °
 - Would I be interested in a Pixer-upper? °
 - How important is home value appreciation? °
 - Is neighborhood stability a priority? °
 - Would I be interested in a condo? °
 - Would I be interested in new home construction?
 - ° What features and amenities do I want? Which do I really need?
- You'll learn as you look at homes—it's wise to rePne your priorities along the way.
- Visit YourFirstHomeBook.com for worksheets and other helpful resources.

Jay's First Home



When we lived in New York City, it never occurred to us to buy a home—almost everybody we knew rented. Then we moved to Austin, Texas, where I started working for Keller Williams. Mo Anderson, our CEO at the time, taught an orientation class on balance sheets, assets, and liabilities. She was passionate about building financial independence, and her advice sunk in. Suddenly, not buying a home just wasn't an option.

It didn't happen overnight. My wife Wendy and I spent a year paying off our college debt and saving money. But once we began looking, it happened really fast. People have always told me that when you find the right house you will know right away—kind of like meeting the right person and falling in love.

When we first saw the house pictured on the Internet, it didn't look at all promising. The black-and-white photograph, which had been taken through a metal chain-link fence in terrible lighting, made the house look dejected and sad. Still, it had the right address—in South Austin near Zilker Park and Barton Springs. It was the classic Austin neighborhood. And the price was right, too, only \$5,000 more than we had budgeted.

The house looked even worse in person than in the photograph. Pink cinder block masquerading as stucco. No real driveway, just broken concrete and gravel. And, that ugly chain-link fence guarding an overgrown lawn. To make matters worse, it was raining that day. Then we opened the front door and went inside, and I remember saying to Wendy, "This is it."



That little bungalow had everything we valued: location, layout, and light. The previous owners had added a nice living space at the back with lots of windows. We immediately began referring to it as the sunroom.

Even though I knew this house was the one for us, we forced ourselves to look at four others that day. But by 9:45 in the evening we called our real estate agent and put in an offer. We bought it for \$175,000.

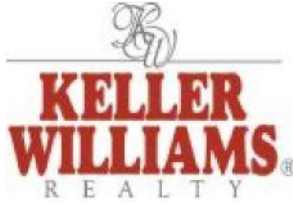
My wife Wendy's dad is a great handyman, and she's pretty handy, too. He helped us install a new kitchen sink and garbage disposal. Wendy and I painted the house in bright pastel colors and put in a stone walkway and new floors. We ripped up the chain-link fence, except for the gate with the little metal lions on top, which became the focal point of our landscaping. My grandmother in Mississippi is known as "The Gardener." She gave us daylilies and hollyhocks to plant. Before long that little pink bungalow looked quite charming.

When I think of that first home, it reminds me of a carefree time with lots of dinner parties and hanging out with friends in the backyard. We have great memories of working on the improvements together. We spent three very happy years there until Gus, our first child, came along, and we needed to find something larger.

We still have that house and use it as rental property. Wendy enjoys showing it to prospective renters. She says it's easy to sell something you really love. The best part? That funny little house we bought for \$175,000 appreciated to be worth more than \$325,000 in only five years.

Although we didn't really plan it that way, it's turned out to be a great investment. As Wendy says, "It's the best investment we didn't know we were making."

Jay Papasan is Vice President of Publishing and Executive Editor of Keller Williams Realty International.



ADVANTAGES OF A BUYER AGENCY AGREEMENT

YOUR INTERESTS ARE PROFESSIONALLY REPRESENTED

Enlisting the services of a professional Buyer's Agent is similar to using an accountant to help you with your taxes, a doctor to help you with your health care, or a mechanic to help you with your car. If you had the time to devote to learning everything about accounting, medicine, and automotive mechanics, you could perform these services yourself. But seriously, who has time for such endeavors? This is why you enlist the help of proven professionals.

Your real estate agent will take care of the hassles of everyday real estate transactions for you, allowing you to concentrate on your full-time job, while guiding you through the home-buying process. Agents exclusively represent your interests as they help you find a home, present your contract offer, negotiate, and close on your home.

YOU GET A PERSONAL SPECIALIST WHO UNDERSTANDS YOUR HOME OWNERSHIP NEEDS

Just as your accountant, doctor, and mechanic understand your specific needs, your Buyer's Agent understands your real estate needs and concerns. And they achieve this type of understanding through open communication at all times. Your Buyer's Agent will save you a lot of time by providing you the needed details about a potentially interesting home *before* you see it. In addition, your Buyer's Agent will listen to your feedback and concerns about each home.

YOU WILL GET THE HOME YOU WANT WITH AS LITTLE HASSLE AS POSSIBLE

The advantage of signing a Buyer's Agency Agreement is that you will have a professional agent working to find and secure the ideal home for you. It is nearly impossible to find a home that meets your exact needs, get a contract negotiated, and close the transaction without an experienced agent. You won't need to spend endless evenings and weekends driving around looking for homes or trying to search websites by yourself. When you tour homes with your professional Buyer's Agent, you will already know that the homes meet your criteria and are within your price range.

BEST OF ALL, THE BUYER'S AGENCY AGREEMENT IS USUALLY FREE OF CHARGE

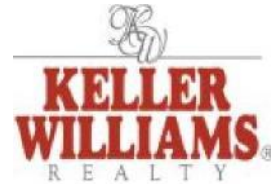
Entering into a Buyer's Agency Agreement has countless advantages. When you sign the agreement, you are simply agreeing to "hire" a personal representative who, by law, must represent your best interests to the best of his or her ability. All of this personal service is generally available at absolutely **NO COST TO YOU!** In many states and provinces, the Seller's Agent is responsible for paying your Buyer's Agent fee. So, you get a professional agent devoted to protecting your needs and to helping you make one of the most important investment decisions of your life, and usually for free.



THE HOME TOUR

Property Address:

PROPERTY	COMMENTS	EXTERIOR	COMMENTS
◦ View		◦ Foundation	
◦ Lot Size		◦ Roof	
◦ Landscaping		◦ Architectural Style	
◦ Square Footage		◦ Deck/Patio	
INTERIOR ◦ Number of Bedrooms	COMMENTS	◦ Swimming Pool	
		◦ Garage	
		◦ Number of Bathrooms ◦ Living Room	
◦ Dining Room		◦ Convenience to Shopping	
◦ Family Room		◦ Convenience to Schools	
◦ Study		◦ Convenience to Day Care	
◦ Fireplace(s)		◦ Nearby Recreational Facilities	
◦ Openness of Home		◦ General Appearance of Houses in the Area	
◦ General Interior Condition		◦ House Value Relative to the Area	
◦ Basement		◦ Other	
ADDITIONAL NOTES:			



How much home can you afford?

Use the chart below to determine your monthly principal and interest payments at various interest rates for either a 15- or 30-year term.

INTEREST RATE FACTORS PER \$1,000

Interest Rates	Term 15 Years	Term 30 Years	Interest Rate	Term 15 Years	Term 30 Years
4	7.40	4.77	8	9.56	7.34
4.25	7.52	4.92	8.25	9.70	7.51
4.50	7.65	5.07	8.50	9.85	7.69
4.75	7.78	5.22	8.75	9.99	7.87
5	7.91	5.37	9	10.14	8.05
5.25	8.04	5.52	9.25	10.29	8.23
5.50	8.17	5.68	9.50	10.44	8.41
5.75	8.30	5.84	9.75	10.59	8.59
6	8.44	6.00	10	10.75	8.77
6.25	8.57	6.16	10.25	10.90	8.96
6.50	8.71	6.32	10.50	11.05	9.15
6.75	8.85	6.48	10.75	11.21	9.33
7	8.99	6.65	11	11.36	9.52
7.25	9.13	6.82	11.25	11.52	9.71
7.50	9.27	6.99	11.50	11.68	9.90
7.75	9.41	7.16	11.75	11.84	10.09

1. Find the appropriate interest rate from the chart above.
2. Look across the column to the appropriate term to determine your interest rate factor.
3. Multiply the interest rate factor by your loan amount in \$1,000s.

AN EXAMPLE

Interest Rate = 6.25
 Desired term = 15 years
 Interest rate factor per \$1,000 = 8.57
 Mortgage = \$200,000
Monthly Principal & Interest = \$1,714 (8.57 x 200)

REMEMBER: Be sure to add your monthly insurance premium and your property tax to your principal and interest to determine your total monthly payment.

NOTE: These figures represent mere estimates. We strongly recommend that you talk with a reputable mortgage specialist to determine the actual amount you will pay each month in principal, interest, taxes and insurance (PITI).



LOAN APPLICATION CHECKLIST

General:

- Picture ID with Social Security Number
- Payment to cover application fee.
- Name and complete address of all landlords (past 2 years).

Income:

- Employment history, including names, addresses, phone numbers, and length of time with that company (past 2 years).
- Copies of your most recent pay stubs and W-2 form (past 2 years). Verification of other income (social security, child
- support, retirement). If you are self-employed: Copies of signed tax returns including all
- schedules (past 2 years), and a signed profit and loss statement for the current year.
- If you are retired: tax returns (past 2 years).
- If you have rental property income: Copies of all lease agreements.

Assets:

- Copies of all bank statements from checking/savings accounts (past three months).
- Copies of all stock/bond certificates and/or past statements/retirement accounts.
- Prepare a list of major household items and their values.
- Copies of title documents for all automobiles, boats, or motorcycles. Face amount, monthly premiums, and cash
- values of all life insurance policies (Cash value may be used for closing costs or down payments. You need
- documentation from the carrier indicating cash value).

Creditors:

- Credit cards (account numbers, current balances, and monthly payments). Installment loans (car, student, etc.) Same details
- as for credit cards. Mortgage loans (property address, lender with address, account numbers
- monthly payment and balance owed on all properties presently owned or sold within the last 2 years). Bring proof of sale
- for properties sold. Childcare expense/support (name, address, phone number).

Other:

- Bankruptcy – bring discharge and schedule of creditors.
- Adverse credit – bring letters of explanation.
- Divorce – bring your Divorce Decrees, property settlements, quitclaim deeds, modifications, etc.
- VA only – bring Form DD214 and Certificate of Eligibility. Retirees – bring retirement and/or Social Security
- Award Letter.



THE ROAD MAP TO YOUR HOME!

NARROWING THE SEARCH

“If you don’t know where you’re going ... you’ll probably end up somewhere else.” Taken from a book title, this quote conveys a very simple message: **To achieve an objective, create a plan!**

If you plan to buy a home soon, you will need to know “where you are going.” For a most enjoyable home-buying experience, first build a road map to your new home, a list of priorities that will lead you to your objective—a new home!

The first priority is time frame.

Write down the date by which you would like to move in to your new home:

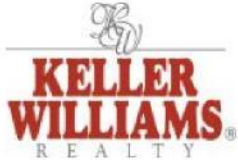
Keep in mind that it may take 30-90 days (or more) to locate the right home, secure financing, and complete the home-buying process.

The next priority is to develop a detailed description of the home you hope to find. The following page contains a **Home Search Criteria** form to help you distinguish between “Need to Have” features and “Want to Have” features. Be specific. Include architectural style, number of bedrooms and baths, location, lot size, and other special requirements. Number your preferences in order of greatest importance to you.

This form, along with the information you share during your initial consultation, will enable your real estate agent to narrow your home search. He or she will take this information and enter your requirements into the Multiple Listing Service (MLS) system, and then use personal market knowledge to come up with a list of homes that best meet your needs and wants.

During the home search, your real estate agent will:

- Discuss the benefits and drawbacks of each home in relation to your specific needs.
- Keep you informed on a regular basis.
- Check the MLS database and talk with other brokers regularly for new listings.
- Prepare a list of all homes that best meet your needs and wants.
- Keep you up to date on changing financial conditions that may affect the housing marketing.
- Be available to answer your questions or offer assistance regarding your home purchase.
- Discuss market trends and values relative to properties that interest you.



HOME SEARCH CRITERIA

GENERAL INFORMATION

Name: _____
Current Street Address: _____
City/State/Zip: _____
Home Phone: _____ Business Phone: _____
Email: _____

TIME LINE INFORMATION

Deadline for Locating a Home: _____
Required Move In Date: _____

NEEDS ANALYSIS

Family Size: _____ Adults: _____ Children: _____

Need-to-Have features: _____

Want-to-Have features: _____

Area Preferred: _____

Price Range: From: _____ To: _____

Approximate Square Footage: _____

Prefer: _____ Home _____ Condominium _____ Town home _____ Duplex/Triplex _____
Other _____

Approximate Age of Home: _____

Style: _____

Bedrooms: _____ Bathrooms: _____ Garage: _____

Important Features:

<input type="checkbox"/> Den	<input type="checkbox"/> Porch
<input type="checkbox"/> Family Room	<input type="checkbox"/> Patio
<input type="checkbox"/> Formal Dining Room	<input type="checkbox"/> Workshop
<input type="checkbox"/> Combination Dining Room	<input type="checkbox"/> Drapes/Blinds
<input type="checkbox"/> Wooded Lot	<input type="checkbox"/> Carpet
<input type="checkbox"/> Air Conditioning	<input type="checkbox"/> Hardwood Floors
<input type="checkbox"/> Swimming Pool	<input type="checkbox"/> Public Transportation
<input type="checkbox"/> Fireplace	<input type="checkbox"/> Utility Room
<input type="checkbox"/> Basement	<input type="checkbox"/> Breakfast Area

Other: _____

SCHOOL REQUIREMENTS

Elementary School: _____

Middle School: _____

High School: _____

Approximate down payment available: _____

Source of down payment: _____



THE NEIGHBORHOOD

There are many factors to consider when selecting a neighborhood that is right for you. Think about the location in terms of commute time to work, distance from leisure-time activities, and proximity to shopping, schools or any other places you frequent. You may think of others factors that are important to you. Please take some time to write them on your Home Search Criteria form.



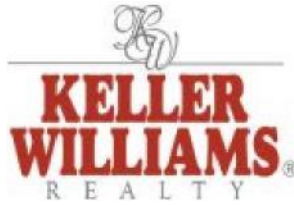
Scout out the Neighborhood!

It is important that you scout the neighborhood in person.

- Talk to people who live there.
- Drive through the entire area at different times of the day, during the week, and on weekends.
- Look carefully at how well other homes in the area are being maintained—are they painted; are the yards well cared for; are parked cars in good condition?

Neighborhood Factors to Consider

- Look for things such as access to major thoroughfares, highways, and shopping.
- Listen for noise created by commerce, roads, railways, public areas, schools, etc.
- Smell the air for nearby industry or agriculture.
- Check with local civic, police, fire, and school officials to find information about the area.
- Research environmental topics such as soil and water quality, as well as floodplain implications.
- Study traffic patterns around the area at different times of the day and measure drive time from the area to work.
- Is the neighborhood near parks, places of religious worship, recreation centers, shopping, theaters, restaurants, public transportation, schools, etc.?
- Does the neighborhood have a Homeowner's Association?



WHY YOU NEED A REALTOR®

A licensed real estate professional provides much more than the service of helping you find your ideal home. Realtors® are expert negotiators with other agents, seasoned financial advisors with customers, and superb navigators around the local neighborhood. They are members of the National Association of Realtors® (NAR) and must abide by a Code of Ethics and Standards of Practice enforced by the NAR. A professional Realtor is your best resource when buying your home.

LET A REALTOR BE YOUR GUIDE

- A knowledgeable Realtor can save you endless amounts of time, money, and frustration.
- A knowledgeable Realtor knows the housing market inside and out and can help you avoid the “wild goose chase.”
- A knowledgeable Realtor can help you with *any* home, even if it is listed elsewhere or if it is being sold directly by the owner.
- A knowledgeable Realtor knows the best lenders in the area and can help you understand the importance of being preapproved for a mortgage. He or she can also discuss down payments, closing costs, and monthly payment options that suit you.
- A knowledgeable Realtor is an excellent source for both general and specific information about the community such as schools, churches, shopping, and transportation—plus tips on home inspections and pricing.
- A knowledgeable Realtor is experienced at presenting your offer to the seller and can help you through the process of negotiating the best price. By bringing objectivity to the buying transaction, he or she can point out the advantages and the disadvantages of a particular property.

And the best thing about your Realtor is that all this help normally *won't cost you a cent*. Generally speaking, the seller pays the commission to the Realtor (but this may vary from province to province and state to state).