

What to Remember When Purchasing a Home

Times are indeed tougher these days and we are all ardently watching our dollars. While banks are not as quick to lend money as they were a few years ago, this doesn't mean, however, that you shouldn't consider purchasing a home if you don't own one already. While the housing market is down, inventory is up. There are many homes for sale that are being offered at very competitive prices. If you're in the market for a new home, now just may be the perfect time to make your purchase!

1. Understand the responsibilities of Home Ownership.

This primarily applies to first time home-owners. Purchasing a new home is not always cut and dry. There are many factors that come into play and much to be considered. Research is important and plays a major role into the purchase of a new home. Once the research has been done and you have a better understanding of the process, it is strongly recommend that you speak with a Realtor, your Bank Lender, and Lawyer. Complicated issues often arise when you own your home and the smartest buyers are those who have a thorough understanding of all that goes into owning a home, as well as your rights as a Buyer.

2. Speak with your Mortgage Lender to get pre-approved for a mortgage.

The Pre-Approval process is a more thorough qualification than the pre-qualification. A Pre-qualification simply tells a Realtor that you are serious about purchasing a new home. It's not a detailed process. A Pre-approval tells all parties involved that you are financially ready to purchase a new home.

This will give you, the Buyer, more purchasing power as the Seller will be confident that you are financially fit to make such a purchase. This process means that the Bank or Mortgage Lender will be granted access to all your finances – your assets as well as your liabilities and debt, if any. This process will also inform you as to what financing options are available to you in today's market.

3. Location, location, location!

Know where you want to live. Think about your lifestyle – how it is now and how might it be in the next 5- 10 years. Will you need to commute to a nearby large city for work? Do you or will you have school aged children? Do you want to live in a neighborhood or on the outskirts of the city? Would you prefer to have a smaller home in a more expensive area or a home with acreage?

These are all important factors that must be taken into consideration. If you are new to an area you may want to think about renting first for 6 months to a year in order to familiarize yourself with your new location and all that it has to offer. You wouldn't want to end up with "Buyer's Remorse" after having purchased a home that was not quite right for you. Take the time to really get to know your surroundings. You won't regret it.

4. A Room with a View.

Once you've narrowed down where you want to live, you need to figure out what it is that you have to have in your home. Do you want a newer home with all the amenities or an older historical one that you can work on and renovate over the years? Do you want a large yard for children and pets, or would you prefer something requiring less maintenance so you won't have to go spend your weekends doing yard and garden work?

Do you want a porch or a fireplace? How many bathrooms must you have? Is the house child-friendly? Do you like to entertain? Does the house have a good flow and a guest room? Make a list of all your "Needs and Wants". Most likely you won't find all of them in one home, but as you look at potential homes you can start to prioritize which of these "Needs and Wants" are truly necessary and which ones you can do without. Be open to suggestions from your Realtor.

5. Take a drive.

Once you've searched the internet and found some homes that meet your criteria it's time to get off the internet and see them in person. Photos can often be deceiving. Many listing agents hire talented photographers who can create images that can make rooms in a home appear larger than in real life. Often stagers and stylists are brought in to make a home look more inviting. On the flip side, an agent may have taken photos of the home that just don't do it justice. The only way to know if a house is right for you is to go out and see it for yourself. Enlist your agent to show you homes that meet your criteria as well as those that may be similar. Often agents will have suggestions that you might not ordinarily have chosen but now might be worth considering. Visiting "Open Houses" are another wonderful resource to be taken advantage of. If you attend an Open House, it's important to let the host know that you are already working with an agent.

6. Don't judge a house by its cover.

Try to look past the orange shutters! Most agents will recommend their sellers to do some staging to a home before putting it on the market, but this does not always happen. While staging a home can make a home look fantastic, it is important to look beyond the decor. Look at the structure and the flow of the home. Does it have nice bones? Look past the chintzy curtains and try to imagine how your furniture will fit. Are the rooms large enough? Are there enough bathrooms? Is the garage big enough for your vehicles and toys?

Don't let the panelling on the walls scare you away? That indoor/outdoor carpet may be dated but imagine the possibilities... beneath it there could be some lovely hardwood. The walls can be drywalled, and the hideous light fixture over the dining room table can be replaced. Don't sweat the small stuff just focus on the potential that lies within this home. When everything is out of the home and it is yours, you have the opportunity to do whatever you want to the walls, floors, fixtures and property. Once the house becomes your own, you can add your own personal flair!

7. Have a Back-Up plan.

It's important to have a back-up home. There are a number of things that can happen. You may have found the home of your dreams, but the Seller may not agree to your price and terms, or issues may come up during a home inspection which are unable to be resolved. It is a good idea to be emotionally leveraged so that if your dream home does not work out, you have a Plan B to fall back on.

8. Get as much information on your “new” home as possible.

If a CMA (Comparative Market Analysis) has not been done on the home of your choice ask your agent to do one for you. There are many websites that will give you an estimate on the value of a home but the comparable information is not always up to date and may not always be accurate. These sites do not know the local market like your agent does.

Standard Comparative Market Analysis reports contain the following data:

- Active listings – This includes all the homes in your area that are similar to yours that are currently on the market.
- Sold Listings – These comparable homes have recently sold in the last 6 months and the amount for which they sold is listed. This is important information to you, the Buyer and can help you determine an accurate and fair price to offer for this home. It is important not to overpay for a home.

9. Get to know the property.

It might be worthwhile to find out more about the property by speaking with the Building and Zoning departments at City Hall to see what work has been done to the house, and if permits were taken out and a Final Occupancy permit granted. Building and Zoning departments may also have a survey on file. If a survey is not available by the Sellers or the Building/Zoning departments you may want to consider getting your own done.

10. Keep your cool during the building inspection.

Be prepared. Inspectors need to find everything wrong with the house – that is their job. Many of these issues are small, insignificant things. Others may not be quite so small or insignificant and yet others could potentially be quite grave. After the inspection, make a list of your priorities so that you can decide for yourself what is a non-issue and what could potentially be a large problem. You can always discuss these matters with professionals to give you more information, as well as an estimate of the work required to resolve the problem.

Good luck and Happy House Hunting!

Call Liz Spooner-Young & Associates for more information on Buying or Selling a Home.