



Real Estate *Buyer's* Guide

*Understand the process of **buying real estate** in less than 10 minutes.*

Use a Buyer's Agent

It's important that you choose an experienced agent who is there for you. Your agent should be actively finding you potential homes, keeping you informed of the entire process, negotiating furiously on your behalf, and answering all of your questions with competence and speed.

First, find an agent who represents you and not the seller. This is beneficial during the negotiation process. If you are working with a buyer's agent, he or she is required not to tell the seller of your top choice. In addition, he or she is also focused on getting you the lowest asking price.

When you use a buyer's agent, you will see more properties. Not only are they plugged into their MLS, but they are also actively finding homes that are listed as For Sale Buy Owner or homes that sellers are thinking about listing.

Getting Pre-Approved

It used to be that buyers could go house shopping and when they have found their dream home, then they go to get pre-approved. However, in today's market, that has proven to be one of the least effective methods in landing the dream home.

Most lenders can pre-qualify you for a mortgage over the phone. Based on general questions about your income, debt, assets and credit history, lenders can estimate how much mortgage you qualify for. However, being pre-qualified and pre-approved are different things. Pre-approval means that you have applied for a mortgage; you have filled out the mortgage application, received your credit report, have verified your employment, assets..etc. When you are pre-approved, you know exactly what the maximum loan amount will be.

A pre-qualified letter is not verified and in essence, does not count for much if you are competing with other buyers who are pre-approved. When you are pre-approved, you and the seller know exactly how much house you can afford. It gives you credibility as an interested buyer and lets the seller know immediately that you will qualify for a loan to buy their property.

In addition to being pre-approved, it's important to be pre-approved with a legitimate lender. Legitimate lenders include: banks, mortgage bankers, credit unions, savings and loan associations, mortgage brokers, and online lenders. Some lenders to avoid: Those who lose a form or misplace a file, those who gather information from you in an unorganized manner, those who are not informed about interest rates, points or costs, and those who cannot provide you with the right information.

Build a Plan of Action

Buying a home will probably rank as one of the biggest personal investments one can make. Being organized and in control will contribute significantly to getting the best home deal possible with the least amount of stress. It's important to anticipate the steps required to successfully achieve your housing goal and to build a plan of action that gets you there. Before you can build a plan of action, take the time to lay the groundwork for your decision-making process.

First, ask yourself how much you can afford to pay for a home. If you're not sure on the price range, find a lender and get pre-approved. Pre-approval will let you know how much you can afford so that you can look for homes in your price range. Getting pre-approved helps you to alleviate some of the anxieties that come with home buying. You know exactly what you qualify for and at what rate, you know how large your monthly mortgage payments will be, and you know how much you will have for a down payment. Once you are pre-approved, you avoid the frustration of finding homes that you think are perfect, but are not in your price range.

Second, ask yourself where you want to live and what is the best location for you and/or your family. Things to consider:

- convenience for all family members
- proximity to work, school
- crime rate of neighborhood
- local transportation
- types of homes in neighborhood, for example condos, town homes, co-ops, newly constructed homes etc.

Importance of Inspection

As a buyer, you are entitled to know exactly what you are getting. Don't take for granted what you see and what the seller or the listing agent tells you. A professional home inspection is something you **MUST** do, whether you are buying an existing home or a new one. An inspection is an opportunity to have an expert look closely at the property you are considering purchasing and getting both an oral and written opinion as to its condition.

Beforehand, make sure the report will be done by a professional organization, such as a local trade organization or a national trade organization such as ASHI (American Society of Home Inspection). Not only should you never skip an inspection, but you also should go along with the inspector during the inspection. This gives you a chance to ask questions about the property and get answers that are not biased. In addition, the oral comments are typically more revealing and detailed than what you will find on the written report. Once the inspection is complete, review the inspection report carefully.

You have to demand an inspection when you present your offer. It must be written in as a contingency; if you do not approve the inspection report, then you don't buy. Most real estate contracts automatically provide an inspection contingency.