

## 8 SECRETS FOR SAVING THOUSANDS WHEN BUYING YOUR NEXT HOME

If you're like most people, the decision to buy a home involves a number of stresses and strains. And even experienced homebuyers make costly mistakes that can easily be avoided. That's why I've identified the 8 best "secrets" to find the right home at the right price, and get the right financing:

### Secret #1: Understand What You NEED

Analyze your basic needs before you even start looking so you don't buy the wrong home:

1. General price range
2. Approximate size (in sq. footage)
3. General location, area or subdivision
4. Number of bedrooms
5. Number of bathrooms
6. Style and layout of home
7. School requirements or districts

### Secret #2: Understand What You WANT

Look at your present home and write down what you like and what you dislike. From your list of "likes," list out the features you want, then the benefits for each feature. If you're part of a couple, you and your spouse should rank each feature in terms of importance. Ranking helps you set priorities as a couple and eliminate homes out of your price range.

### Secret #3: Understand How Much Home You Can Afford

Bankers and mortgage lenders use two guides to determine how much loan you can afford:

**Payment-To-Income Ratio.** This compares your income to the mortgage payment you're considering. The "payment" is the mortgage payment (principal + interest) plus property taxes and insurance (PITI).

**Debt-To-Income Ratio.** This refers to all your major monthly financial obligations, including car and credit card payments and outstanding debts.

Your lender will compare your total debt to your ability to make current payments with your new home loan added into the equation.

Here's the key: since each mortgage company sets different limits on your debt-to-income ratio, you need to find a lender who is motivated to loan you the money.

What do I NEED in my next home?

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

What do I WANT in my next home?

Feature	Benefit	Rank
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1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

### Secret #4: Save A Bundle When Financing

Your ability to afford a home will be related to:

1. The price
2. Your down payment, and the amount you will finance
3. The interest rate and points of your loan
4. The term of your loan: 15-year, 30-year
5. The type of your loan. Fixed vs. variable rates are common but there are many loan packages to choose from.

To shop for the best financing, do your homework. Study each of these items and the relationship between them so you can understand what your mortgage lender is talking about. Knowing these specifics will help you choose the loan that will be the best deal for your situation.

### Secret #5: Be Financially Prepared

Before you start looking for a home...

**1. Find a MOTIVATED lender.** Ask a REALTOR® to refer one or two reputable lenders to you. The lender will usually give you better service because they want to keep getting referrals.

**2. Get pre-APPROVED not just pre-qualified.** You'll have more power to negotiate the price and terms you want because sellers know you can close on the transaction.

**3. Have deposit funds available immediately.** Write a check to your broker or title company for 3 percent of the highest price you've been approved for with financing. A trustworthy REALTOR® can hold it un-cashed, so you can demonstrate that funds are ready and gain a competitive advantage if the seller gets multiple offers.

### Secret #6: How You Evaluate Homes Will Save You Thousands of \$\$\$ + Heartaches!

Ask a knowledgeable REALTOR® for a "total market overview" not just the market analysis of the particular area where you want to live. Then, as you start looking at specific homes, these things will help you determine if the home is a good investment:

1. **Location.** Buy the midrange home in the best neighborhood you can afford, which will appreciate faster.
2. **Lot siting.** Look at where the home's lot is located in the subdivision. Is it private or located on a busy street?
3. **Home siting.** Did the builder use the best features of the site?

### Secret #7: Save Thousands of \$\$\$ Writing Your Offer And Negotiating your Deal

Never tell the seller or their agent why you need to buy or if you like their home because they'll use this information against you to get a higher price. That's why it's best to have a skilled REALTOR® prepare an offer after you carefully considering the following:

1. The active listings in the area. Is the home you want comparable?
2. The average selling price compared to the listing price of homes that have sold.
3. A visit to other homes for sale in the area. How do they compare with your choice?
4. Average market times for homes in the area. If they're long, you may have more negotiating room.

### Secret #8: Use A BUYER'S REPRESENTATIVE!

The seller's agent does not represent your financial interests. Create a "buyer's representation" with a REALTOR® so you have someone on your side working to negotiate the best price. This won't cost you a nickel because it's paid out of the seller's commission.