

Nine Strategies to Consider If You Plan to Buy a Home Soon!

The decision of whether to buy a house in this year may seem daunting to some. Will prices increase? Will interest rates rise? How will the economy fare for the remainder of the year?

The process may seem overwhelming, especially if you're buying for the first time. But many industry experts are saying the general outlook appears promising.

For starters, price increases overall are expected to slow down a bit—at least when compared to the last year or so, during which the national existing home price rose 9.1 percent to \$172,600; and the new-home price rose 3.6 percent to \$194,400.

“Although the rate of price increase is expected to slow next year, it will remain above the historic norm of one-to-two percentage points higher than the general rate of inflation,” said David Lereah, NAR’s chief economist.

“With tame inflation, mortgage interest rates are staying at very low levels much longer than many people expected. This is extending the period of favorable housing market conditions and sustaining historically strong sales activity,” Lereah said.

If a new house is in your plans in the near future, there are a few things you should do, which would include arming yourself with the information designed to put yourself in the best position possible when the time comes to buy:

1. Check out your credit report now! You don't want to wait to be shocked if there are even minor inaccuracies in your current credit report. Check your report *now* and work to fix any inaccuracies immediately. (Your lender can help you with this.)

2. Don't wait until the last minute to get pre-approved for a loan. This way you'll know ahead of time if you can get approved and, most importantly, how much you can comfortably spend on a house.

3. Be realistic and look at your big financial picture. Just because a bank approves you for a certain amount, it doesn't automatically mean you should find a house for that amount.

4. Determine now how much cash you'll have available for a down payment and closing costs (points, which are extra fees paid to secure a lower interest rate), origination fees, taxes, title

insurance, and financing costs). Your lender can help you with this.

5. Figure out how much your new bills—including utilities, water, insurance, maintenance and any repairs might cost you each month. Be realistic and over-estimate or always “round-up” just to be safe.

6. Tend to avoid making any major purchases, especially a new vehicle. If you do, you may have a more difficult time getting a loan.

7. Keep an eye on interest rates. If they start to creep upward, you may want to make your move. Ask your lender to keep in touch.

8. Make a budget now as if you have a mortgage payment and the monthly expenses that come with owning the new home.

9. Begin thinking about homeowners' insurance now. And if you're renting, make sure you have renter's insurance—it's helpful to have insurance history when you obtain insurance for your new house.



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What to Do & Not to Do Before You Close

Don't Jeopardize Your Loan — Taking out another loan, buying a car, or making large credit card charges before you close can jeopardize your loan commitment. Lenders run a second credit check prior to closing to check for new charges.

Time to Close—Closing at the beginning of a month, the lender will require you to “prepay” the interest on your loan from the day of closing to the end of the month. Therefore the cash you need to close will be more than if you close at the end of the month. Talk with your lender about this.

Buyer's Remorse—It's common for buyers to feel stressed or remorseful during and after the purchase of a home. Educating yourself about the buying process will help minimize “buyer's remorse”. You will probably forget about it soon after you move into your new home.

Notify Services & Utilities —Don't forget to contact services, such as the post office, insurance, movers, telephone, utilities, newspaper, etc., a few weeks prior to you moving out to “change

over” billing and mailing addresses.

Arrange for Mover—Get a couple of written estimates from movers on the services they provide for the costs of your move.



Final Walk Through—Do a final walk through. Check all appliances. Test outlets with a radio or test device. Turn on light switches. Check all the water faucets and toilets. Make sure promised cleaning and repairs have been completed. Check that all items included in the purchase of the home are present. For new construction, write down what still needs to be completed or fixed and have builder sign. Include the date when these items will be completed.

Closing Costs—You will have to have your closing cost “monies” deposited in escrow before you can close. Don't bring in a personal check to pay. Money should be in the form of a certified check or a money wire transfer. Check with your escrow officer for more information.



Things to Do AFTER You Move Into Your New Home

The First Week

- Install new locks.
- Make extra sets of keys
- Buy a fire extinguisher
- Install or check the batteries in all smoke detectors

Who's Taking Pictures?

During the first six months you may notice people taking pictures of your house. Don't worry; they are probably just real estate appraisers.

When you had an appraisal done for your pending purchase, the appraiser had to take photos of similar or comparable homesales in your neighborhood or general area. That's because lenders require photos of comparable sales used in an appraisal. So now *your house* is being used as a “comparable” on appraisals being done for other houses currently on sale or perhaps pending refinancing.



Start a House File

Keep all important house related papers such as title insurance, mortgage loan information, property insurance, etc., in a central “house file” system. You may even want to consider keeping all these important papers in a fire-proof safe. It is also especially important to save all receipts for any home improvements or remodeling projects for later “possible” tax write-offs.

Keep Your House In Shape

Strive to make repairs and do preventative home maintenance as needed early on. Always keep an eye open for termite droppings and wet wood conditions. Keep rain gutters and downspouts working properly to drain water away from the house. Strive to be a responsible and conscientious neighbor.

