



HOW TO BUY A HOME



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For June we are looking at some very real tips and ideas that will help you in the home buying process. Be sure to check out the 2-Minute 411 of things NOT to overlook when you are considering a property to purchase.

2-Minute 411 with Jim Fite

Things you CANNOT overlook when buying a home

Lessons I've learned in the home buying process

Real Estate 411 - Home Buying FACTS

HOME BUYING FACT #1: **Get your finances in order BEFORE you start looking**

As you think about buying a home and applying for a home loan, you need to consider your personal finances. How much you earn versus how much you owe will likely determine how much a lender will allow you to borrow. In a nutshell, most lenders don't want you to take out a loan that will overload your ability to repay everybody you owe. Although every lender has slightly different formulas, it is good to stick to the 28/36 rule.

Typically, your monthly housing expense, including monthly payments for taxes and insurance, should not exceed about 28% of your gross monthly income. If you don't know what your tax and insurance expense will be, you can estimate that about 15% of your payment will go toward this expense. The remainder can be used for principal and interest repayment.

In addition, your proposed monthly housing expense and your total monthly debt service combined cannot exceed about 36% of your gross monthly income. If it does, your application may exceed the lender's underwriting guidelines and your loan may not be approved.

Depending on your individual situation, there may be more or less flexibility in the 28% and 36% guidelines. For example, if you are able to buy the home while borrowing less than 80% of the home's value by making a large cash down payment, the qualifying ratios become less critical. Likewise, if Bill Gates or a rich uncle is willing to cosign on the loan with you, lenders will be much less focused on the guidelines discussed here.

Remember that there are hundreds of loan programs available in today's lending market and every one of them has different guidelines. So don't be discouraged if your dream home seems out of reach. *Source: Realtor.com

HOME BUYING FACT #2: **Choosing the right real estate agent can save you time and headache!**

Working with the right real estate agent will be one of your most valuable resources. Trying to do it yourself these days can lead to issues not being handled and problems not being discovered. It is great to start your search for homes online and save yourself time by finding the properties you like, but once you find a home you are interested in, contact the agent, it will make the process much more fun and save you time!

- A real estate professional can help you determine how much home you can afford and even suggest ways to accrue the down payment and explain alternative financing methods. In addition to knowing the local money market, also can tell you what personal and financial data to bring with you when you apply for a loan.
- A real estate professional is already familiar with current real estate values, taxes, utility costs, municipal services and facilities, and may be aware of local

Homeownership lies at the heart of the American dream. It is one of the largest investments most people make. It can also be one of the most complex, requiring many legal documents and the involvement of many parties.

The process of buying a home can be very satisfying or it can turn into a nightmare. The key to success is to be informed. At first the process can be intimidating. But remember that millions like you had identical concerns and became successful homeowners. Also remember, it's your money. If any of the parties are not forthcoming or you believe they are not doing their job properly, speak up. Do not be afraid to get answers from the people involved.

Whether you're a first-time buyer, a seasoned veteran or somewhere in between, you need to stay focused and aware of certain details throughout the transaction. As a real estate professional that has bought many homes, here are a few suggestions I want to share with you that will allow you to steer away from the pitfalls and into the driveway of your dreams.

- **Get familiar with real estate jargon and terms**

Understanding the terminology used by sellers, real estate agents, and mortgage lenders is the first step. Check out the list of terms at CENTURY21JudgeFite.com for a good review of commonly used terms and acronyms found on real estate listing sheets.

- **Pay attention to the School district.**

Even if you don't have school-age children, buying in a good school district will help your home's resale value.

- **Have the AC inspected for age and your roof inspected.**

These are both good negotiating points. The age of the AC and the life of the roof are very important.

zoning changes that could affect your decision to buy.

- A real estate professional can usually research your housing needs in advance through tools and automated search engines that can pinpoint properties right in the location you want
- A real estate professional often can suggest simple, imaginative changes that make a home more suitable for you and improve its utility and value. Remember, they are in hundreds of homes a month, use their expertise to help you find the perfect home that suits your needs
- A real estate professional is sensitive to the importance you place on this major commitment you are about to make. Look for a real estate professional to facilitate negotiation of a win-win agreement that will satisfy both you and the seller.

HOME BUYING FACT #3: Being prepared helps to avoid home buying mistakes

The best way to avoid making a mistake is to learn from the mistakes others have made, so listen to your agent, they have worked through many home buying mistakes that can provide you with valuable information. Buying a home in a desirable location is your best defense. Remember: location, location, location! Being prepared and knowing what you want in a home is vital to making the right decision on the right home.

The average number of homes shown in a day is around 7, any more than that, and the brain is on overload. Therefore, don't expect to see 20 or 30 homes; although it's physically possible to do so, you probably will not remember specific details about any of them.

Studies show that your memory dramatically improves after consumption of carbs and slows upon consuming sugar. So, lay off the soft drinks and have a hearty meal of carbs before venturing out to tour homes. Be prepared for the day, bring along a camera to take photos of homes/features you like, wear comfortable clothing and shoes and eat well!

Real Estate 411 - Home Buying TIPS

Finding the right home is the result of good preparation and research.

Knowledge and experience are the keys to successful real estate transactions. Your preparation and research combined with the expertise, experience and training of your real estate agent can be the essential keys to your success.

One of the keys to making the home-buying process easier and more understandable is planning. In doing so, you'll be able to anticipate requests from lenders, lawyers and a host of other professionals. Furthermore, planning will help you discover valuable shortcuts in the home-buying process. Here are a few of our suggested tips to help you in your search and planning of a new home.

HOME BUYING TIP #1: Dallas, Fort Worth or Houston, it's all about LOCATION, LOCATION, LOCATION

Location is a huge factor to consider when buying a home as it affects:

- Purchase Price
- Resale Price
- School System
- Drive-time/Commute
- Entertainment/Shopping

You are buying more than a home – you are buying a lifestyle! Begin to think about your likes and dislikes. Do your own research and “due Diligence” regarding the neighborhood, schools, places of worship, city leadership and the general “feel” of the community. “Buying a new home is not just an economic investment, it is an

- **Order a WDI**

I suggest you have an independent licensed pest control company to conduct a WDI (wood destroying insect inspection). The general inspectors may not be though enough or know what to look for and once termites are documented, you may lose value on your home.

- **Check crime rate for the area**

You can check the crime rate at local police department websites which provide specifics down to the zip code level. Goggle “crime rate in (yourzip)”.

- **Run the sprinkler system**

If there is a sprinkler system, make sure it’s run for a fair amount of time to verify that there are no leaks and the pressure is good.

- **Check the age of the water heater**

If it’s over 10 years old, it is close to replacement time

- **Beware of foundation problems**

Even if they have installed piers and have a lifetime warranty, foundation problems can make it hard to resell.

- **How long has it been on the market?**

If the property has been on the market for a long time and it doesn’t have to do with the price, I would be asking myself, WHY?

Don’t overlook these things, be patient, seek advice and try not to make an emotional decision. It is hard work finding the right home to buy, but it will be one of the most rewarding purchases you will ever make that will bring you a lifetime of memories!



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investment in your life and the life of your family”, states Pete Geisler, Real Estate Instructor and Manager of Connections Network for CENTURY 21 Judge Fite Company. “Nobody really knows what return you expect from that investment except you.”

“Take stock of yourself and what you are looking for in a home – and write it down”, offers Susan Cooksey, Manager of CENTURY 21 Judge Fite Company’s Denton office. “Do you need to be close to work or school? Do you like taking care of a yard or not? Do you want to be near shopping areas, or do you want to be out in the country? Do you have (or want) pets? Do you work on cars? Do you need to be near medical facilities? Thinking about your lifestyle will help you focus on the home that is right for you. Know the difference between needs and wants, your ultimate “dream home” may not be the home you can buy today.

HOME BUYING TIP #2: Know how much you can afford

Consult with a mortgage professional and be knowledgeable about your income, your credit score, and what you owe. Armed with this information, you can make an informed decision about how much house payment you can handle and how much money you will need up front to purchase a home.

Buy what you can afford or even a little less than what you can afford. You might qualify for a higher payment only to find out later that you have to change your lifestyle in order to handle that payment. It is a good idea to get approved for your loan in advance. Obtain a letter from the lender that says “John and Mary Jones are approved for a loan of X-thousand dollars at Y-percent for Z-years SUBJECT ONLY TO THE APPRAISAL OF THE PROPERTY.” This way, you will not be tempted to buy more house than you can afford, or waste your time (and disappoint yourself) if you don’t qualify for that dream home.

Remember the 28/36 rule discussed in Home Buying Fact #1, knowing how much you can afford and staying within your budget will help you avoid financial disaster!

One last tip offered by Ava Eadie, REALTOR for CENTURY 21 Judge Fite Company Fort Worth, “Do not spend any money once you are under contract on anything other than normal household expenses and bills. That means don’t make a large purchase on a credit card, or take out any loans for large items, don’t buy boats or cars, or new furniture for the house. Until the closing process has been completed, DON’T SPEND ANY MONEY!”

HOME BUYING TIP #3: Choose a real estate agent that is knowledgeable about the real estate market and the area you are interested in

Get a good real estate agent...and this is not just me singing the company tune! A buyer needs to know what the contract means! Is my earnest money at risk? Is my option money refundable? Did the Seller really agree to make all the repairs at no cost to me? When can I really move in? These are just a few potential “bumps” that can be avoided by hiring a real estate professional to represent you and ONLY you. This advice applies equally to the purchase of a new home, too. New home contracts tend to favor the builder, not the buyer.

When selecting the real estate agent you want to work with, start online. When you are looking at homes that interest you, check out the listing agent, look at their website and read their profiles or blog.

- Choose a real estate agent that you can communicate with and one that freely communicates with you.
- Does the agent have knowledge of the neighborhoods and different types of homes in the area you are interested in?
- Is the agent knowledgeable about the mortgage process? This is one area that can cause the most issues. Your Realtor needs to be able to effectively understand and communicate with you and the lender all things financial. The agent should be able to help you choose a reputable mortgage loan officer.

We are spreading the word that "Real Estate is GREAT! at CENTURY 21 Judge Fite Company". There is real estate to be bought and sold in the Dallas/Fort Worth Metroplex and we are doing it! Join us in spreading the word that real estate really is GREAT here in our market.

Each month we will deliver a new Real Estate 411 that will give you INFORMATION you need to know. REAL ESTATE 411 will deliver GOOD NEWS about what is happening here at CENTURY 21 Judge Fite Company and in our local real estate market....

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You will be sharing a great deal of important information with this individual (the loan officer AND the agent too), you need to be confident that they are professional and reputable.

- When you hire a Realtor - sign a buyer representation agreement; demand a consultation where the entire process is clearly explained PRIOR to getting into the car. This will eliminate confusion and anxiety. An educated buyer is a more powerful buyer. Listen to their advice. Their duty is to you and if you have chosen well they will guide you through the process and avoid the many potential pitfalls in the home buying process. And keep in mind they may not tell you what you want to hear but they will tell you what you need to hear.

To find a real estate professional to help you get started on your next real estate transaction, contact

CENTURY 21 Judge Fite Company

800-451-8055 or email 411@judgefite.com.

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