



## 10 Tips to Buying a House

### 1. Don't buy it if you can't stay put

Commitment is key. If you can't commit to staying in one place for at least a few years, then owning is probably not for you. With the high transaction costs of buying and selling a home, you may end up losing money if you don't keep the house for at least 5 years.

### 2. Find your true credit

In most cases you need a mortgage to buy a house. You have to make sure that your credit history is clean. A couple months before you start your adventurous house hunting, obtain copies of your credit report. Make sure the facts are correct, and fix any problems you discover.

### 3. Don't break the bank

You should use the rule that when buying a house the price should run about two-and-one-half times your annual salary. By using an online price calculator, you will have a better understanding of how your income, debts, and expenses impact what you can afford.

[www.yahoo.com/realestate](http://www.yahoo.com/realestate)

### 4. 20% is not the only option

20% down payments are not always the option. If you qualify, there are many public and private lenders who can offer low-interest mortgages. When we say low we mean down payments as low as 3%! Check out lenders such as: Lending Tree, Ditech, and Countrywide for more information.

### 5. Look to buy in a district with good schools

This is obviously very important if you have children, because you want them to get the best education possible. You should also follow this advice if you don't have school-age

children. If you eventually have to sell your home, you'll find that strong school districts are a top priority for many home buyers (increased property values).

## **6. Professional help**

Try to find exclusive buyer agents. There are specialized "selling" and "buying" agents, but in your case, you want a buyer agent, because they place your interests as their top priority.

## **7. Points vs. Rate**

In the mortgage process, you usually have the choice of paying additional points in exchange for a lower interest rate. If plan on staying in the house for five years or more, then you are better off taking the points. Over an extended period of time, the lower interest rate will definitely save you more, and points may be tax deductible!

## **8. Pre-Approval**

Getting pre-approved by your bank or mortgage broker is vital to buying a house. You can save yourself from the headache of looking at houses you can't afford. Not only will it make the hunting process smoother, but it also puts you in a better position to make a serious offer on the house that you want to purchase.

## **9. Do some homework**

Your first bid should be significantly based on comparatives (comps); the sales trends of similar homes in the neighborhood within a recent timeframe. You can get the best prices by bidding 3-5% under the selling price. In a situation where a nearby comp was purchased 5% under asking price, then you should bid 8-10% under the asking price of the house you are looking to purchase.

## **10. Hire a professional home inspector**

Hire a licensed home inspector. Hiring an engineer with local home survey experience is usually your best bet. Their job is to analyze potential problems that could involve costly repairs in the foreseeable future. You can take these expenses and deduct them from the initial bid; the money is then used to make the proper repairs.