

3 Keys To Success

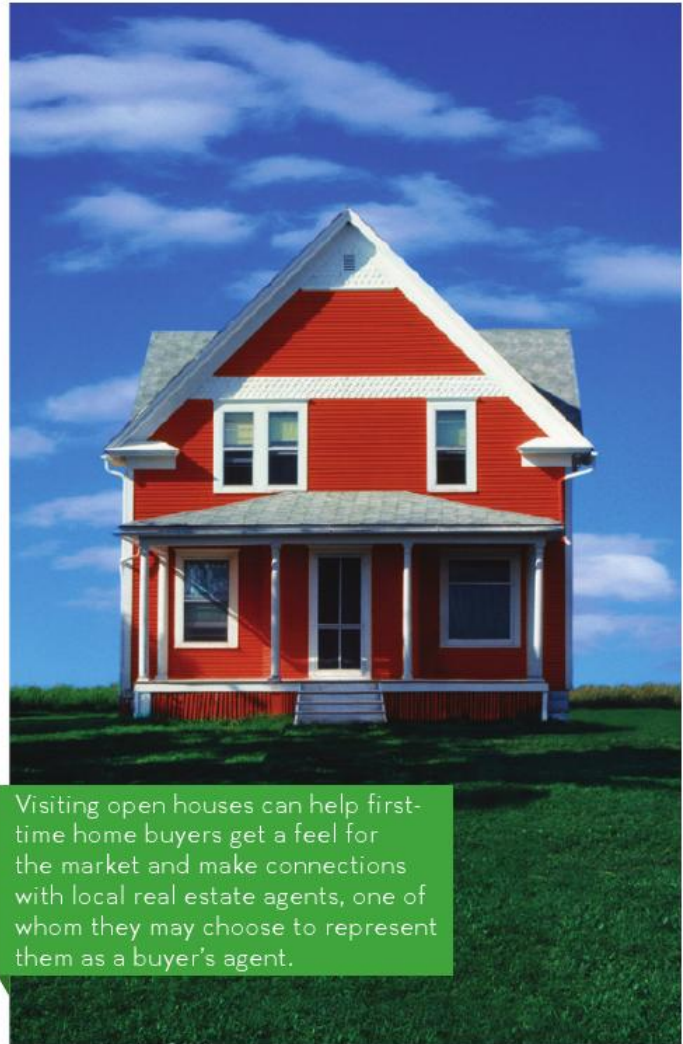
+ Take the mystery and drama out of the home-buying process.
BY PORCSHE N. MORAN

From a casual search of properties on the Internet to figuring out financing to actually making an offer on your dream residence, the experience of buying a home can be both exciting and daunting. Whether you are buying your first house or your fifth, there is tried-and-true advice for getting the most out of your investment.

"Home buying is one of the most stressful and emotional processes that we go through," says David Gerhart, president of the Columbia Board of Realtors. "Rely on the advice of your agent to work out the drama with you and for you. Treat the transaction like a business decision, which usually comes down to money."

FIRST KEY: FIRST THINGS FIRST

Qualifying for a mortgage is the first step toward home ownership. Gerhart says getting preapproved for a loan will make your offer on a home more competitive. Preapproval also gives you an idea of your price range. Mortgage lenders ask buyers detailed questions about their finances, including employment history, personal assets, debt, income, monthly expenses and credit score. According to the financial-planning site LearnVest.com, the general rule of thumb is that your mortgage should not exceed 2½ times your annual income. In most cases, experts say it is ideal to pay 20 percent of the home's sale price upfront. The more you put down, the lower your interest rate and monthly payment. You'll also avoid the cost of private mortgage insurance.



Visiting open houses can help first-time home buyers get a feel for the market and make connections with local real estate agents, one of whom they may choose to represent them as a buyer's agent.

Financing Your Dream

Working with a trusted lender can ease the homebuying process.

With so many mortgage options available to homebuyers, it can be hard to make a decision on your own and feel certain that it was the right choice. To ease the burden, take a moment to meet with a lender you can trust, one that will help you navigate the complexities of the mortgage-lending process. Prior to your meeting, check out your credit score — a lower score can knock you down but not out of the lending game. Bring all of your relevant documents to meet your lender. You'll need pay stubs, tax returns and bank statements for you and anyone else who will be on the loan. Once

you've taken all of the initial steps, your lender can help determine what lending options are available to you and which ones fit your situation best. Smaller down payment? An FHA loan may be your best option. Are you a veteran? A VA loan might offer you benefits another loan doesn't. Moving to the country? A USDA loan could allow you to forgo a down payment altogether. Working with a smart, trustworthy lender can give you the peace of mind you need when choosing to take on the exciting and daunting task of buying a home.

THE SMALLER HOME MOVEMENT

Gone are the days of keeping up with the Joneses — now are the days of reduction, self-sufficiency and financial freedom. Many homebuyers are downsizing their larger homes in favor of small — or even tiny — homes, all in the name of simplicity. In 2007, the average house size was 2,479 square feet. Now, homeowners are dwelling in spaces of less than 1,000 square feet, some as small as 80 square feet!

SECOND KEY: ON THE HUNT

Once you know how much house you can afford, it is time to start shopping. The education and experience of a real estate agent can be invaluable during this time.

An agent can help you negotiate with the seller, handle contracts, evaluate properties and research the marketplace. To find a real estate agent, start with referrals from family, friends, neighbors and co-workers. Websites such as Zillow, Trulia, Angie's List and Yelp offer agent reviews from previous clients. The Columbia Board of Realtors is another resource. Members of this organization are also members of Missouri Realtors and the National Association of Realtors. They are required to follow the NAR Code of Ethics and Standards of Practice. Buyers should meet with potential agents in-person to find out more about their background, credentials, continuing education, communication style and any awards they have won.

"Buyers should interview Realtors and sign an agency agreement with a buyer agent they are comfortable with," Gerhart says. "A good agent will walk you through the entire process and ensure that all paperwork is complete."

After touring a home that seems to fit every item on your checklist, it might be tempting to make an offer as soon as possible. But Gerhart urges buyers to take their time and look at the property more than once. He also suggests talking to residents and driving through the neighborhood during the day, evening and weekend.

"Ask people who live in the neighborhood about how active their homeowner association is, and if there are any deed restrictions and covenants," Gerhart says. "Look at the amenities, such as a pool, tennis courts, walking trails and parks."



