



THE PATH TO YOUR HOME

A Practical Guide to Home Buying

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When I started hunting for House #1, I made a mistake. I didn't give enough thought to what I wanted. I was looking for something not too far from work or shopping. Two bedrooms. Enough room for my stuff (not a lot to ask, given that I'd been living in an apartment). That about covered it. But when I started roaming around with a real estate agent, my criteria weren't very helpful. It wasn't that easy to pinpoint any one place as "mine."

Had I been more prepared, I could have told my real estate agent that I needed *these* features in my new home, but not *those*. Some of *that* would be nice, though I wouldn't fall into a deep depression if I didn't get it. With a longer list of "this" and "that," my agent would have had a better idea of what to show me. As it was, we saw so many two bedrooms near my job and shopping, I couldn't remember them all. The details of one house started blurring into the details of another because I hadn't worked out a way to sort through them all efficiently. I figured out what I wanted as I was looking.

When house hunting, a little preparation goes a long way. In my searches for Houses 2 through 5, I benefited from getting my thoughts in order before starting the search. As a result, I made much better use of my agents' expertise.

In this section, you'll learn to:

- Decide what kind of house and features you need and want
- Choose and work with the right real estate agent
- Organize your house hunting results
- Narrow your choices to find the right house for you!

THE WISH LIST

What kind of house do you need? What kind do you want? Hoping for a nice home without a huge yard to maintain? Maybe townhouse life is the thing for you. Have a spouse, five kids, three dogs, two cats, and a grand piano? A 1,000-square-foot condominium might not be in your future. Once you know your loan and down payment amounts, you'll know what kind of price range you can afford. Now it's time to match your price with housing choices that suit you.

Choosing the house that's right for you begins with listing the features you'd like it to have. Develop a Wish List that includes everything you hope to have and pinpoints things you want to avoid. To start, think once again about the role your house will play—long-term family home, investment to live in, and so forth. If you know you're going to sell in a few years, factor into your decisions things that will be appealing to other buyers when you resell the place.

Next, decide what features you will and will not consider. You'll find that some things are a definite for you ("We need at least four bedrooms."), and other things you'll remain undecided on until

you see what's out there ("I'm thinking either a townhouse or a condo."). So let's get your list started.

Location, Location, Location, and Location, Too

Location is *that* important. A house on a quiet street with attractive neighboring houses and trees lining the back will likely have a higher price than the same house facing a busy street and a store with a steady stream of loud delivery trucks rattling around.

Location makes a big difference when it comes to the appeal and value of a house. The house itself might be perfect, but what if it's in an area that doesn't meet your needs? It's important to know what areas appeal to you. Would you prefer the city, suburbs, or country? How close do you want to be to work, schools, entertainment, shopping, and public transportation? If you have kids, are there places for them to play? What else is important to you?

A House by Any Other Name

Once you've chosen a location, the next step is the house itself. Where to begin? When you think about your family, your lifestyle, and your daily routine, what kind of house will fit the bill for you? The answer depends on how much ownership and responsibility you want to take on, how close you want to be to your neighbors, how much space you need. Here are the most common options:

Single Family Home. This is what we traditionally think of as a "house." It sits by itself on a piece of land, unattached to anyone else's house. Your neighbors are no closer than the edge of your property. You own the entire house and the land that comes with it. And you have sole responsibility for all maintenance, repairs, and emergencies.

Townhouse. This is a multi-level home attached to other townhouses on each side, forming a row. You share both side walls with your neighbors (unless you have an end unit, in which case you share only one wall). You own:

- everything inside
- the exterior of the non-shared walls
- the shared walls until you reach the *firewall*—the “core” of the shared wall, made of cinderblock or some other material—that helps prevent fire from spreading from one unit to another
- the roof
- usually a deck, patio, and/or small patches of land directly in front of and behind the unit

Everything else within the community is common area co-owned by you and the other owners. In addition to your own utilities, you pay a monthly fee to a homeowners’ association for property maintenance and management of the common areas. There is also a set of policies that all owners and tenants must abide by, usually covering things that help promote safety and maintain the value of the properties in the community. There’s no landlord, but you can contact the homeowners’ association for help with issues related to the common areas and policies.

Condominium. This a single- or multi-level home attached to other units, either apartment or townhouse style. You own everything inside up to the interior walls. The rest of the building and the land are co-owned by you and the other owners, and the care of the buildings and grounds is governed by a community management organization. You pay a monthly fee to this organization for property maintenance and management.

Some utilities may be included in the fee, but you pay for the rest yourself. For example, a condominium community may include water in its fee, but owners must pay their own electricity and other utilities. As with a townhouse, there are policies that condominium owners and tenants must live by. While there's no landlord, the community management organization hires a property management company to take care of issues related to the common areas. Of these three types of houses, a condominium is closest to apartment life because of the more limited ownership.

A Plot of Land. If you're daring enough to start from scratch, somewhere in the world there is a special plot of land just waiting for you to build your dream house on it. You buy the land, hire the contractors, pay all the construction costs, and go for it.

Something Old, Something New, Something Cozy with a View

Here's another choice: Would you rather buy a house that's already owned and standing or go for new construction and be the original owner? Which is best depends on how much time and effort you're willing to invest and the extent of your imagination. Of my five houses, three were resales, two were new construction. They all had their moments.

Resale. This is a house someone else has owned. A known entity, you can see it, walk through it, see how much light streams through the windows, and touch it to see if anything falls apart. What you see—and what your home inspector finds—is what you get, including carpet, cabinetry or some other feature you might not have chosen if the decision had been left up to you. Sure, you might hate the wallpaper in the bathroom, but you won't be standing out in the cold, staring at a partially-built house wondering when it'll be done.

If you buy resale, in what shape are you willing to accept it? Do you want to be able to simply move your stuff in and go about your business (translation: save time and stress), or are you willing to work on repairs and improvement projects (translation: save money on the sale price)? “Work” can mean anything from removal of that hideous wallpaper, fresh paint, and a few minor repairs you or a handyman can handle, to major remodeling and construction. “Major” is always defined as expensive and time-consuming.

New Construction. Compared to a resale, new construction takes much more imagination. You stand in the middle of a dirt pile, look around, and say, “Yep. I can live here.” In a *planned community*, where an entire neighborhood of houses is created, the builder is kind enough to provide model homes to show you finished samples in all their glory. Models are professionally decorated and loaded with plenty of extras to give you lots of interesting ideas. Just remember that when yours is done, you’ll be staring at the plain white walls of a big, empty box.

But the fun part about new construction is you get to choose some or even most of your new house’s features. Well, it’s fun if you like this sort of thing. Do home improvement shows make your heart go pitter-patter? If so, you’ll love this. But if you hate the idea of decision after decision about every last detail, think twice about new construction.

Musts, Wants, Nice-to-Haves, and Nevers

Time for the details—the features inside and outside of your future house. The trick here is to match

chartattack!

In **Chart E** in the Appendix, note your reasons for buying and which location and house types you’ll consider. If resale is an option for you, also note what condition your new house should be in.

your lifestyle with the variety of home types in your target area. So organize your thoughts into the next part of your Wish List: Musts, Wants, Nice-to-Haves and Nevers.

- **Musts** are the things you cannot do without. (“Does it have enough bedrooms for everyone?”)
- **Wants** are non-essential features you really want but can live without if you absolutely have to. (“We’d much rather have a two-car garage, but we can make do with a one-car.”)
- **Nice-to-Haves** are extras you’ll welcome if the house happens to have them. (“Hey, look. A fireplace in the family room. How nice.”)
- **Nevers** are things you don’t ever want to see in any home of yours. (“What’s *that* doing here!? No. Just...no.”)

So what are all those features out there? There are plenty, and you may be surprised at the variety you’ll find as you hunt your way around town. Here’s a sample platter:

- *Outside.* Exterior (siding, brick, stucco, wood), garage or carport, front and back yard, size and type of land, recreational facilities
- *Inside.* Number and sizes of bedrooms, number of full and half bathrooms, type of kitchen, other rooms, basement/attic, appliances, décor, closet and storage space, fireplaces, unique features

One buyer’s “Never” is another buyer’s “Want.” What’s important to you? Chances are you’ll modify your list a bit after you’ve seen a few places. Sometimes during the house hunt, you see a feature you hadn’t thought of before. Or that

chartattack!

Use **Chart F** in the Appendix to mark your Musts, Wants, Nice-To-Haves, and Nevers. Add to, subtract from, or change the list to your heart’s content.

fireplace idea just might grow on you, you know? Suddenly you have to have it! Add it to your list.

A Wish List Test Drive

Before you finalize your lists, it's a good idea to see if your wishes match your budget. For some ideas, take a look at *listings*—descriptions of houses available for sale—in free booklets, in newspapers, and on real estate websites featuring homes available across the country. Once you navigate your way to the cities you're interested in, the websites can be a particularly helpful way to get a good idea of what's available at what prices. Many of the websites include filters that allow you to limit your search to homes within your price range and with some of the features from your lists. You'll end up with a set of listings that most closely match your criteria.

Keep in mind, though, that because of the time lag between activity on a house and an update appearing in publications and on the websites, some of the houses you see may have already been sold. Also, not every available listing will be there. But you can still give your Wish List a good workout.

What do you think? Are you being realistic? Can you get what you want within your price limits? Maybe a certain combination of features just isn't available in your price range. Are you willing to let something go? Think it over. While you're at it, print or cut out any listings that look particularly interesting or at least are similar to what you want. You can use these later to help explain your needs to your real estate agent.

Price and the Real Estate Market

When you look at listings, the price you'll see is the *list price*—a starting price the seller is asking for the house, subject to nego-

What's Online?

The National Association of Realtors® owns a website containing a wide variety of listings:

- www.realtor.com

What's in Print?

Free booklets containing local listings can be found in supermarkets, train stations, and other public locations.

tiation. The condition of the real estate market has plenty to say about that price and how negotiations will go. If there are a lot of houses on the market but only a handful of buyers looking at them, it's a *buyer's market*. Buyers can be picky and more demanding, because there's not much competition to deal with. And sometimes they can get a house for less than the list price.

But if there are a lot of buyers and not enough houses to go around, it's a *seller's market*. Several buyers are more likely to compete for the same house, and sellers can expect a higher price and fewer demands from buyers. If you're in a seller's market, it's possible that you'll have to go above the list price to get the house. It can even happen in a buyer's market if the house is particularly popular among buyers. So if you're looking at houses with list prices at the very top of your price range, you've left yourself no room to negotiate a higher price. You might have to walk away. Be prepared.

When you know how much you can afford, and you have an idea of what you're looking for in your new house, you're ready to talk specifics with a real estate agent.