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STEPS TO TAKE BEFORE BUYING A HOME

By Paul Purcell



The number one real estate question these days seems to be “Is this a good time to buy a home?” Given the current state of the economy and the housing market, consumers are heavily weighing the decision of “to buy or not to buy.” The decision, however, is always based on each individual’s unique needs and abilities. But, whether you’re a first time buyer or in the market for a second home, there are a series of steps always worth following. With ample preparation, you’ll feel more confident about the home buying process and be better prepared to make an educated decision.

Why Buy a Home?

Homeownership still remains one of the highest goals for many

people because of its many benefits. Besides the number one reason of being the American dream, owning a home of your own transcends pride of ownership as well as a sense of security and belonging. For many, homeownership represents personal and financial success. As a valued investment, a home can have many financial advantages and tax benefits. The amount of interest you pay on a home loan and the real estate taxes you pay on your home are among the major federal tax deductions. Also, owning a home is the way many people build wealth.

Before you venture into the home buying journey, you might want to consider the following:

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1. Know What You Can Afford. Before you begin, you should figure out what kind of home you can afford based upon your monthly budget. Create an itemized list of what you spend each month and determine how much will go to housing. You might have to economize in order to get the home of your dreams, but don't be unrealistic with your regular day-to-day needs and obligations. Also, be sure to speak with a trusted financial advisor to get an objective opinion about mortgages and to be clear about the precise amount you can borrow. Most importantly, be certain to understand the mortgage product—its terms and conditions. Don't be afraid to ask questions. It's also a good idea to know what's on your credit report and have a clear idea of your income stream so you can pre-qualify yourself for a loan.

2. How and Where You Should Live. Is a single-family home right for you? Would a condo be a better choice? Which neighborhood, town or city best fits your lifestyle? These questions are important and require work. Your friends and family will all have an opinion. Listen to them objectively. Remember, there is no real incentive for your real estate agent to tell you about places where they don't sell, so consider their opinion judiciously. Do your homework, prioritize your needs and wants, visit neighborhoods, try out the commute, ask questions and use the internet. Now more than ever, take the time to learn the local market conditions and see as much property as you can to better understand price and value. There are some tremendous opportunities in most markets, but you have to educate yourself. If you're not entirely sure about a location, you might want to consider renting first to determine if the area is a "fit." After all, this is your dream and not someone else's.

3. Select the Right Real Estate Agent. Most of us spend more time picking out a restaurant than we do our real estate agent. Yet, this is potentially the single largest financial transaction most of us will make in our lifetime. It deserves greater attention! Ask your friends, neighbors and work colleagues for recommendations. Interview several prospective real estate agents. Ask questions about their background, tenure in the profession, their firm, sales performance and their knowledge of the market in which you're interested. Be sure to get references and follow up with a phone call. A good agent brings knowledge to the table. They don't just open doors. Above all else, make sure your personalities match too.

4. Build Your Team. It's never too early to begin thinking about the other service providers necessary to turn your home ownership dream into a reality. In addition to your financial advisor, there are other members of this process that you will also want to take into consideration. For example, you may want to consult with an attorney to help with the complex paperwork and legal contracts. You may also want to use the services of a house inspector, who can help determine whether the structure, construction and the mechanical systems of the home are completely safe. If you do not already have an insurance agent, you may want to "shop around" among several companies before selecting the right one to assist with your move to a new location (or even if you are staying local, for that matter). When you begin your search, ask your realtor to help you compile this list of other potential team members.

Remember, as in most things, preparation is key. If you understand your finances, do your homework, learn as much as you can about the market, select an agent who understands your needs, build a great team of people you can trust and keep your focus and your cool, you will be in a much better position when the right home comes along.

*Paul Purcell is a co-founder of Rutenberg Realty (www.rutenbergnyc.com), a top ten boutique residential real estate firm based in Manhattan. A respected industry voice, Purcell is often quoted in such prestigious publications as *The New York Times* and has appeared frequently on *New York 1 News* as well as on *CNN*, *CNBC* and *WNBC-TV*.*

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