



The Home Buying Process - Keys to Your Success

Guide for Home Buyers

Cheryl Garlock, CRS, ABR, SRES
Colorado Front Range Properties
720-373-0654
cheryl@DenverRealty.com
DenverRealty.com


Colorado Front Range
PROPERTIES



A message from Cheryl:

Thank you for taking the time to review the Denver Home Buying Process—Keys to Your Success guide. Included is a worksheet designed to help you identify specific housing criteria that will make your home search easier and rewarding. These pages will help you put together a good team to insure a successful and secure home purchase. While this takes a little time to review and complete, I am confident you will find this guide a most valuable source as you journey through the home buying process.

If you have any questions or want a professional consultation, please give me a call.

Best regards,

Cheryl Garlock



Is it Better to Buy a Home or Rent a Home

Key Points for Your Consideration

So it's time to move and you have choices out there. You can choose to rent or choose to own. Both have their pluses and minuses, but generally speaking owning a home will serve your interests far better than renting. Remember . . . you can't rent your way to success!

Here are some points worth your time to consider before making your move.

1. Credit

Whether you're buying or renting, you'll need to know how your credit stacks up. It's easier to rent a home with poor credit, but even that can be difficult. Many people don't really know how easy it can be to clean up their credit, but this does not happen overnight. Get professional help from a lender your realtor recommends to go from point A to point B.

2. Income

Naturally getting a loan today requires verification of your income. Lenders use your gross income (before taxes are taken out) to determine what you can qualify for. Too much monthly debt can sink a home buying opportunity. Generally if your debt does not exceed 43% of your gross monthly income you can be a happy homeowner.

3. Your Job

While none of us knows whether we will have the same job forever, you'll need to ask yourself if your job is reasonably secure. If you're self-employed you'll need to look at your tax returns to determine if you pay yourself a salary or if you report a positive income to the IRS. Lenders will ask for tax returns and want to verify employment.

4. Maintenance

All homes require maintenance so you'll have to remember to set aside some money monthly for repairs. You can also choose to purchase a home warranty insurance plan which will offer you much peace of mind when unexpected repairs surface.

5. Tax Breaks

There are few items more than home ownership that Uncle Sam treats kindly. The government allows you several deductions thereby lowering your taxes.



6. Building Equity

Landlords love you because you make them rich by paying their mortgage. There is nothing to gain in paying rent, and everything to gain owning a home. The mortgage balance goes down each month building equity whereas the rent always gets bigger and there is no equity in rent.

5. Appreciation

No other investment allows you to sleep at night and grow in value the way home ownership does. Home prices are on the rise across the country and it's expected they will continue steadily for many years to come. Owning a home is the only investment where you can leverage a nominal down payment to make appreciation on the larger value of the home.

6. It's Yours

This is perhaps the biggest reason to own a home. You have the right to change the color, tear out a wall, modify the landscaping, remodel the kitchen, substitute new carpeting and so much more. Also, no one will tell you the price went up as you have a set payment schedule. And home ownership provides a better environment for raising a family because the home you own gives you peace of mind and stability.

Where do You Start?

7 Tips to Get Your Footing in the Home Buying Process



Buying a home can be a scary situation if you're not well prepared and if you don't have the right team on your side. There are things you can do to make sure you make the right moves that serve your interests. You'll need a team of professionals to help you through the process so it doesn't seem like you're navigating a gauntlet.

Here are a few tips to make sure your home buying experience is rewarding and successful.

1. Find the right real estate agent

There are lots of agents out there, but finding the one who understands your needs and listens to your concerns is not an easy task. You'll want a realtor who has a robust knowledge of the real estate market backed by years of experience. And most importantly, you'll want an agent who is dedicated to your success and who communicates with you as you need them to do so. Yes you can find the property on your own, but understanding the data and interpreting the market can only be derived from a professional agent actively involved in the market.

2. You'll need a loan officer

Like real estate agents, loan officer's come in all shapes and sizes. You'll need a loan officer who has the skill to understand underwriting challenges and who can think outside the box to get you approved for a loan that works for you. Your realtor is the best source of locating the right lender for your needs. Loan officers can either make or break your dreams of home ownership, so choose wisely.

3. You - Yes you are part of the team

You are the core of the team and as such possess an active role. After all, everyone else is indeed working for you. You will have to be realistic as to what the market has to offer and your expectations of other parties including the home sellers. With the help of your realtor and your lender you'll set realistic goals for what you can buy, where, and when. You'll want to do your research before you jump to buy, but you also don't want to procrastinate as that will cost you money over the long term.

4. Secure the right home inspector

Home inspectors are like land mines . . . if you select the wrong one the house will most certainly blow up . . . OK, at least your deal could blow up. Some home inspectors are so worried about being sued that they over compensate in what and how they tell you about the physical aspects of the property. Certainly you will need a thorough home inspection, but remember that the purpose of the home inspection is to present a clear picture of the condition of the property today and to make recommendations for the future. Seek out a home inspector who can offer you some solutions to fix home repair issues that are essential now, and yet also offer you some home improvement advice for later.

5. The appraiser

Sorry to say, you don't get to select this person. In fact, even the lender does not select this person. An appraiser is randomly selected by the loan company for the purposes of determining the value of the property against the risk the lender will have. Nevertheless, the resulting appraisal is important to you and you'll want to be sure your realtor analyses similar properties that have recently sold before you spend lost money on the appraisal and the home inspection, etc.

6. The Surveyor

Getting the property surveyed is critical particularly if it is a single family residence. You'll need to know the property lines and you'll need to make sure no other party has rights to the property or encroaches on the property.

7. The Closing Agent

The title company will issue a title commitment outlining the interest of the parties, the liens against a property, requirements to close, and any exceptions the title policy might have. They also insure the title to the property which protects your interests in the long run.



Home Buyer's Checklist

Find the perfect home and balance your wallet as the same time

Home shopping can be exciting and also very confusing. Take some time to think these items through and doing so will help you zero in on what need as compared to your wish list.

Your realtor will be able to offer some insight to balance your expectations with the market. You'll learn to make trade-offs as you view several homes and communities.

Features you require:

of Bedrooms: _____

of Baths: _____

Size of home: _____

1, 2, or 3 car garage: _____

Basement: _____

Age of home: _____

Style of home: _____

Other (specific needs): _____

Schools, Work, Church:

Elementary: _____

Middle: _____

Senior: _____

Work: _____

Church: _____

Do you need? (circle all that apply)

Starter Home	Urban Upscale
Close to transit	Bike Friendly
Commuter's Dream	Pedestrian
Family Friendly	Friendly
Retreat Resort	Entertaining
Pet Friendly	Other

Location:

Suburban _____

Downtown _____

Country _____

Lot Size _____

Gardening _____

Play area _____

Views _____

Shopping _____

Other _____

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Making the Offer

Negotiating the sale on your terms

Now that you have found the home of your dreams, making the offer can be challenging. You'll first need to know whether you'll be negotiating in a buyer's market, a seller's market, or a balanced market. Ask your realtor to share some statistical information about the current market trends in the neighborhood you want to buy in. This will make you a more informed consumer and in control of the negotiations.

Below are some key points that will help you sail through your transaction.

1) The Asking Price

Your realtor should provide you with comparable sold property data in the same neighborhood as the home you are buying. You'll need to your realtor to review that information and interpret the data to give you an analysis of the neighborhood market as compared to the subject property.

Ask:

- How long the house has been on the market
- Have there been any other offers or are there other offers pending
- Has the listing price dropped since the property appeared on the market
- What have similar homes sold for and are there other pending sales in the area

2) How do You Decide How Much to Offer

Negotiating the purchase of a home is not always just about money. It often includes people's lives and personal situations, so you need to understand it's a "2-way" deal. While you'll need to consider your needs you'll also need to understand the needs of the seller. That is usually where the counter proposal comes into play. You'll need to determine:

Think about:

- How much house you can comfortably afford
- Does the house need repairs now or can they wait
- Will the house suit your needs as compared to the competition

3) How do You Write a Good Offer

Your real estate agent will help you prepare your offer to the seller which will outline the terms of your purchase including the price, possession date, inclusions, and much more.

Strengthen Your Offer by:

- Attach a letter of pre-approval from your lender so the seller knows you're likely to be approved
- Consider concessions you may be asking of the seller such as timing, closing costs, inclusions, etc
- Have your earnest money ready and have your ducks in a row; your realtor can help here

Making the Grade: We're here to help you achieve success and make sure your transaction is as smooth as can be. We will explain every step of the process of home buying before, during, and after the sale. The next step is up to you . . . give us a call and we will set up a complimentary consultation to review your housing needs.