

2015 BUYERS GUIDE

Am I ready to buy? How much can I afford? Where do I find homes? Why buy now? How's the market? Is there a right time to buy? What is this home worth in today's market? How do we obtain a loan? How much should we put toward my down payment? Who will negotiate on our behalf? Are we in a sellers' market? Are we in a buyers' market? What's the best location? How many bedrooms? What style home do I want? Should we buy a fixer-upper? How long has this home been on the market? When will I know I've found the best home? Do I want my home in mint condition? What type of neighborhood should I live in? Where are the schools? How do I know I'm getting a good deal? What first-time home buyer programs are available? **Am I ready to buy?** How much can I afford? Where do I find homes? How's the market? Is there a right time to buy? What is this home worth in today's market? How do we obtain a loan? How much should we put toward my down payment? Who will negotiate on our behalf? Are we in a sellers' market? Are we in a buyers' market? What's the best location? How many bedrooms? **Where can I get help finding the right home?** What style home do I want? Should we buy a fixer-upper? How long has this home been on the market? When will I know I've found the best home? What type of neighborhood should I live in? Where are the schools? How do I know I'm getting a good deal? What first-time home buyer programs are available? Am I ready to buy? Do I want my home to be in mint condition? How much can I afford? Where do I find homes? Why buy now? **How's the market?** Is there a right time to buy? What is this home worth in today's market? How do we obtain a loan? How much should we put toward my down payment? Who will negotiate on our behalf? Are we in a sellers' market? Are we in a buyers' market? What's the best location? How many bedrooms? What style home do I want? Should we buy a fixer-upper? How long has this home been on the market? Do I want my home in mint condition? When will I know I've found the best home? What type of neighborhood should I live in? Where are the schools? How do I know I'm getting a good deal? How's the market?

What factors drive buyers to buy?

It's not just a house you're buying; the neighborhood plays a strong role in your decision too. In fact, **64%** of respondents said that **location** (proximity to people, places, and neighborhood) was the **most important factor** when they purchased a home. Think carefully about what you want in a home and, most importantly, why. I will be able to offer the best suggestions and creative alternatives once they know the why. For example, there might be a different neighborhood you don't know about that meets your needs perfectly.



64%
Location



50%
Market
Conditions



25%
Financial
Benefits

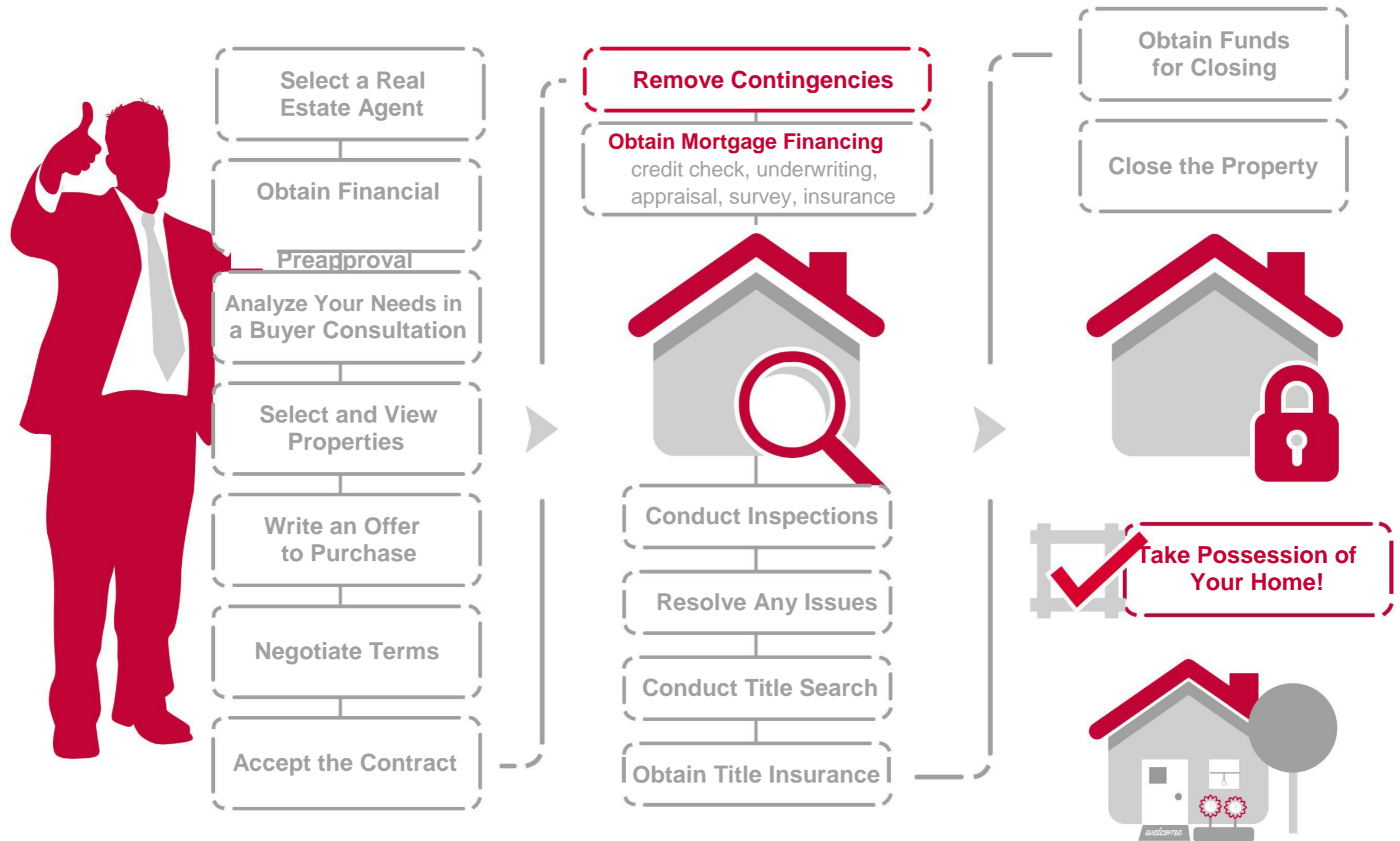
What You Need to Know

1. How much you can afford.
2. The location that's important to you.
3. The number of beds and other specifics about the house.



The Home-Buying Process

Now that you understand the numbers that drive a real estate transaction, here's a look at the home-buying process.



What You See ... and What I Know

Your job is to see how the home stacks up to your wants and needs.



The two most important questions YOU answer:

1

Does it have the right space and/
or location for my lifestyle?

2

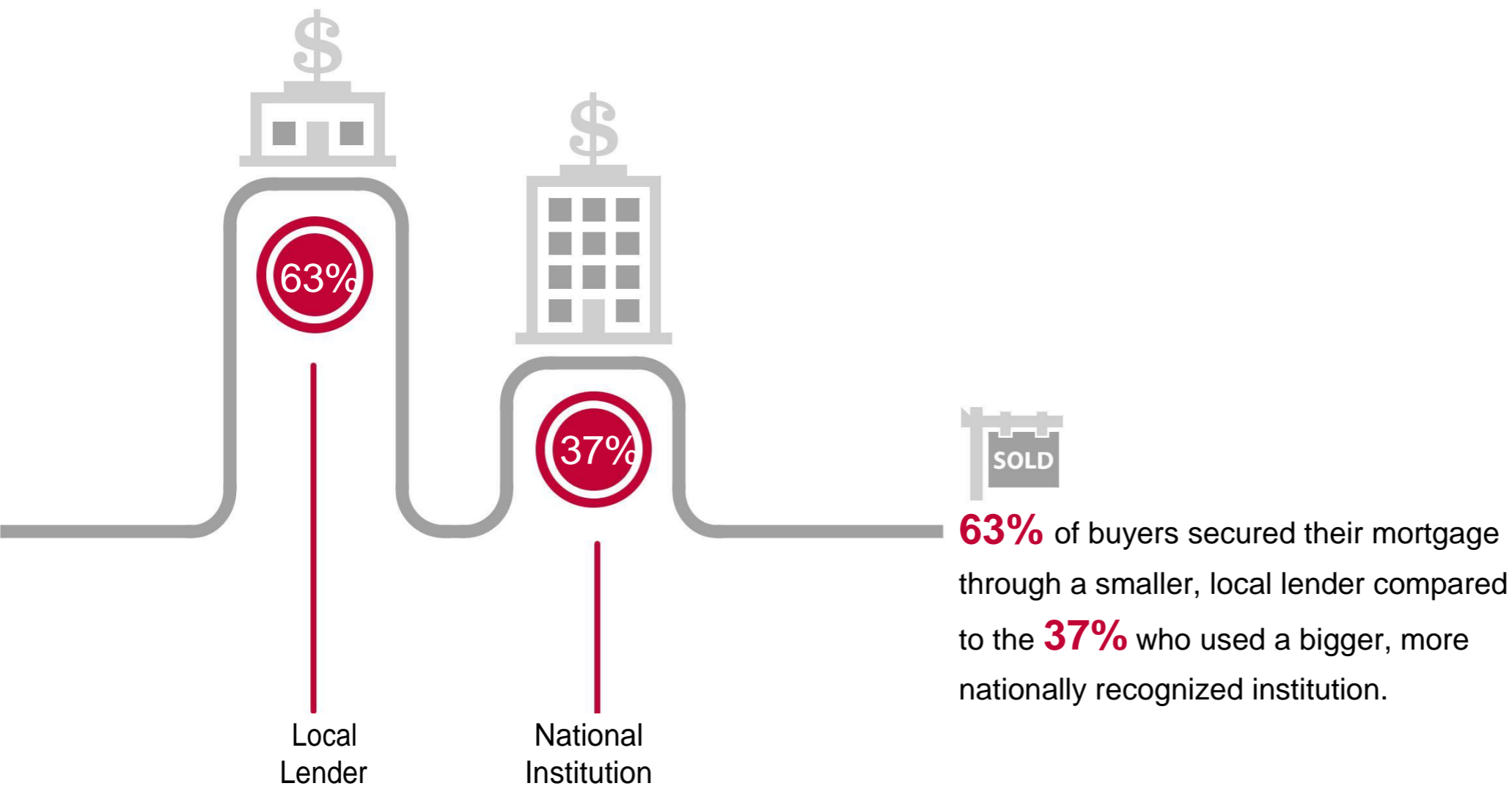
Is it in the district of a school
I would want my (existing or
future) kids to go to?

My job is to know how the home stacks up to its competition.

In a competitive market, my No. 1 job is to help you get a home. In a rising market, you may need to pay more than the last home down the street to get your offer accepted. Most likely, the more popular the area, the fewer homes available. That means stiffer competition and the more important it is you have a knowledgeable agent that can help position you and your offer the best.

Lending Goes Local!

When shopping for a mortgage, don't forget the local guy. Since many of these lenders hold on to their loans instead of selling them on the secondary market as mortgage-backed securities, they may offer you more options.



The Deal with Down Payments

Conventionally, buying a home typically meant 20% down. Over the last decade or two, more options have become available. Federal Housing Administration and Veterans Administration loans have down payments that start at 3.5% down to 0% (for veterans). Conventional fixed rate loans can even come with very low down payments for highly qualified buyers.

The majority of buyers had a down payment of less than 4% of the list price.

The 20% mark still has many advantages. It's common to get a much better interest rate. You also borrow less, have a lower monthly payment, pay less interest over the life of the loan, and don't pay any private mortgage insurance.

Private mortgage insurance (PMI) is an extra premium you pay for putting less than 20% down up front. On a conventional loan, it can go away when either you have paid down enough of the loan or the home value appreciates to where the balance of the loan is 80% of the value of the home. A recent change makes FHA mortgage premiums stay for the life of the loan: it no longer goes away when the mortgage reaches 70% of the home value.



62%
PAID LESS THAN
Five percent
AS A DOWN PAYMENT

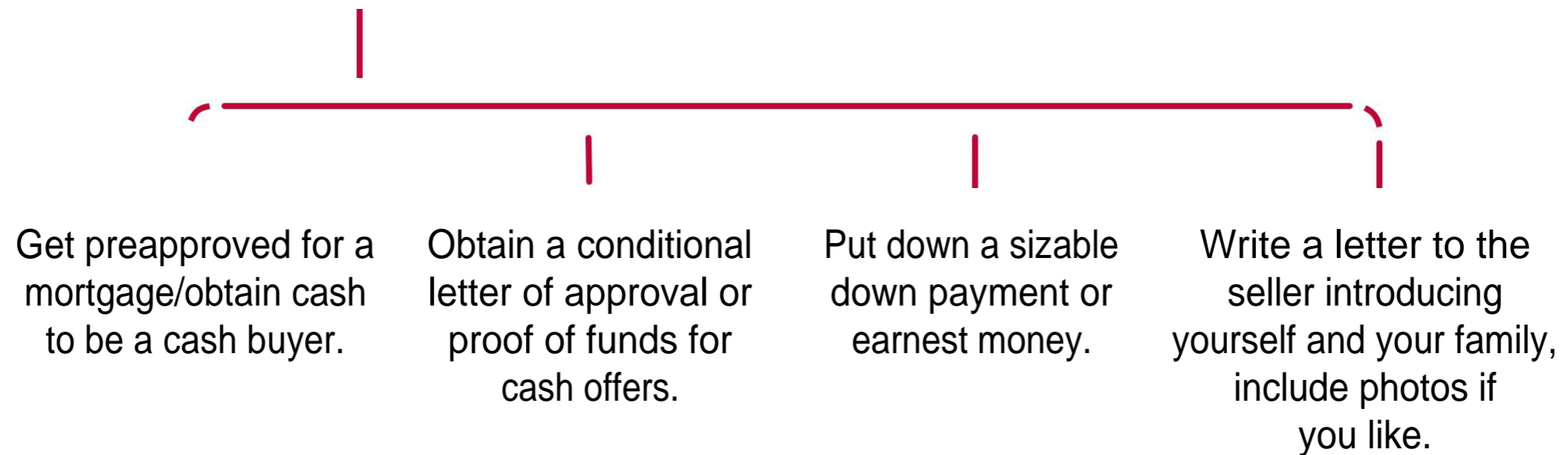


22%
PAID THE RECOMMENDED
Twenty percent
AS A DOWN PAYMENT



■ Show Sellers You Mean Business

You can be in a much better bargaining position if sellers know up front that you **qualify** to purchase their property.



■ Multiple Offers: Buyers Be Ready

When the market heats up, so do the number of buyers bidding on the same home. When there are more buyers than there are properties, it can create a multiple offer situation.



Nearly 1 in 3 buyers entered a multiple offer situation in 2012.
In 2013, the number is even greater.

Appraisals

If you are financing your home, appraisals are an important step. A mortgage is a collateralized loan, which means if the borrower doesn't pay then the bank will take back the house. This is why mortgage rates are less than others—it's not just a personal promise to pay back the loan, the bank will still get something even if the homeowner defaults. To make sure the home value is in line with what you are paying for it, the bank orders a third party to check. These are called appraisals. In a market where prices are appreciating quickly, appraisals can be a challenge.

In some areas appraisals are coming in below the contract price and possibly derailing the purchase for about 1 in 10 buyers, so be prepared to handle this issue.



Vision and Perspective

Even in a buyers' market the best houses sell the fastest. If you see a home that meets the majority of your needs and is within your desired price range, you should make an offer right away.

Ask about how appraisals are affecting deals getting to closing in our area.

Timeline to Table

A look at the average time it took buyers to go from offer to contract and then to the closing table.

