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5 Very Important Reasons to Buy a House

1. House prices tend to rise over time, so a house is one of the best investments you can make. Home prices have risen three to six percent a year for the last 20 years and the trend is likely to continue. So if you buy a home now, you've put your capital in a safe investment where it is likely to grow.
2. You'll be buying a piece of real property rather then putting money in to your landlord's pocket every month. The real cost of renting is higher then the monthly payment. There is also an opportunity cost equal to the amount you would gain by using the money to purchase a home instead. Even if the house you purchased did not appreciate in price, you would be able to sell it and recoup some of the money you put into it.
3. Interest rates are still very low historically. This makes it inexpensive to have a mortgage. The lower the interest rate, the less you actually pay for you house and the faster you pay the mortgage off.
4. You'll be able to use the equity in your home for low cost loans for other purposes. You can access the paid up equity you accumulate in your home in the form of a home equity loan home equity line of credit. Because they are secured, home equity loans and lines of credit generally carry a lower interest rate then other types of consumer loans, such as auto loans.

5 Tips for Home Buyers

1. Get pre-approved for a mortgage before you make an offer. When you are trying to buy a house in a competitive market, your offer to purchase should contain as few conditions as possible. An offer that is conditional on obtaining financing is often a deal killer. The seller may accept a competing offer for less money rather then take the risk that you won't be able to raise Mortgage Money. A pre-approval letter from your lender tells the seller you are ready and able to commit.
2. Know when to quit. When you act on emotion, rather than reason, you may end up paying too much money. This can happen when you fall in love with a particular house and start fantasizing about how great it will be to live there. Another reason you may be driven top pay too much is that a bidding war triggers your competitive instincts and you must buy the house at all cost- which you will regret later.
3. Set enough money aside to cover closing cost. You've put together a down payment. Be aware that there is also a long list of expenses you may have to pay at closing, depending on where you live and who your lender is. Closing costs can add up between two and six percent of your loan. Get a Good Faith Estimate of the loan related fees you'll have to pay. Also get your real estate agent to compile a list of other expenses.

4. Try to coordinate the date you take possession of your new home and your moving date. If possible, avoid a situation where you've got to camp out with relatives or find a short term rental because you must vacate your old house or apartment before you can move into your new home. Moving once is enough.
5. Insist on a home inspection. The first really cold day you spend in your new house is way too late to find out that the furnace doesn't work. The one condition you should always include in an offer to purchase is a home inspection. Find out how much it will cost to fix any defects and have the seller fix them before you agree to buy or deduct the estimated cost from the final price you offer. If the seller won't help bear the costs and you want to go ahead with the purchase, make sure you can afford the necessary repairs on top of your mortgage.

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5 Home Buying Mistakes

1. **Over extending your budget**
   Buy a home that's way out of your price range and you could find yourself feeling pinched every month. Just because you have been pre-qualified for a certain loan amount and payment doesn't mean that is where your comfort level lies. Plan for emergencies, entertainment, vacations, savings furnishings and other amenities. Then take into consideration your future mortgage payment and all of your liabilities. That will give you a better idea of what kind of payments you can really afford.
2. **Buying a house that doesn't fit**
   When buying your home, consider how long you plan on staying in that house. You don't want to find your self in too much or too little of a house. Plan for any lifestyle changes that may occur during that period and search for a home that fits your needs.
3. **Buying a property that will be difficult to resell**
   When you buy, think about the day it comes to sell. It's easy when you're house hunting to forget what it's going to be like to sell your home down the road. Most first time buyers sell within four to six years. Walk yourself through all the negatives and think of how you will sell the property prior to buying it.
4. **Not having a house inspection**
   Everything looked just fine. How were you to know that the house had a termite problem, asbestos, a leaky roof, cracked foundation and electrical problem's. You would have known if you had a professional home inspection. A home inspection generally costs between $300-$700 and is well worth it.
5. **Forgetting about closing cost**
   You've been saving for a long time and you finally have enough money for a down payment on a new home. You search for the perfect home, and you realize that you have enough for the down payment but not enough for closing costs. When saving for your down payment take into consideration the closing costs which include lenders fees, title fees, escrows for property taxes and home owners insurance. In most cases you negotiate with the seller to pay a portion of the closing cost. Most sellers are willing to contribute since it will help sell their home.

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5 Things You Must Do Prior To Selling Your Home

1. **Understand your options:**
   - A fixed-rate mortgage, your monthly payments remain the same during the entire length of the mortgage.

    - An Adjustable-rate mortgage, you will often receive a lower initial interest rate, but your monthly payment amount can rise and fall as interest rates fluctuate.
    - A Balloon or reset mortgage, you once again may be offered a low interest rate, but it will hold for a limited time.
2. **Become a rate watcher:**
    - Your daily newspaper tracks these rates, so stay current by watching whether rates are rising, falling or remaining stable.
3. **Get Pre-approved:**
    - Getting pre-approved for a mortgage loan gives the homebuyer additional bargaining leverage when competing with other buyers for a home.
    - A home seller will be more likely to accept an offer from a pre-approved borrower.
4. **Consider making a higher down payment:**
    - Making a higher down payment will reduce your mortgage.
    - Putting a higher down payment can often get you lower-cost financing.
5. **Select your lender carefully:**
    - Try to get a referral from your bank or credit union, real estate agent, government housing agency, or friends and relatives who have successfully purchased homes.
    - Never trust a mortgage offer that arrives via email, as it is likely originated from a spammer.

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5 Tips Prior to Selling Your House

1. **Get Pre-approved for a Home Loan**
   Seller sometimes sign a contract to sell their house before they know if they qualify to buy another. Financial circumstances sometimes change since the last purchase, and they could no longer qualify for a loan or they weren't able to sell at a price that allowed them to buy a type of replacement house they want.
2. **Check your mortgage payoff**
   Call your lender to check the payoff for your current home mortgage.
3. **Determine how much your house is worth**
   Determine your home's fair market value, you can get your real estate agent to help you.
4. **Make necessary repairs**
   Make all needed repairs unless you want your house to be regarded as a fixer-upper. Fix anything that is obviously broken that the potential buyer will notice to lower the price.
5. **Get your house ready to show**
   Great curb appeal, fresh paint, organized closets and cabinets, clean windows and appliances and a clutter free look are essential if you want to appeal the buyers.

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5 ways to speed up the sale of your house

1. Price it right. Set a price at the lower end of your property's realistic price range.

2. Get your house market ready for at least 2 weeks before you begin to show it.
3. Be flexible about showings. It’s often disruptive to have a house ready to show on the spur of the moment, but the more often someone can see your home, the sooner you’ll find a buyer.
4. Be ready for the offers. Decide in advance what price and terms you will accept.
5. Don’t refuse to drop the price. If your home has been on the market for more than 60 days with out an offer, be prepared to lower the asking price.

A few tips on pulling together a down payment

1. Bank your extra money. Any time you get a tax refund, bonus, commission or birthday check put it into a separate savings account that you never touch.
2. Try to live on one income. If you are a couple, try living on one partner’s income while saving the others.
3. Get rid of your second car. Or your cell phone, or your cable service, Pare down your lifestyle so that you can add to savings each month.
4. Get a roommate. Change your life style from solo to shared living. This will reduce your rent and allow you to save more money.
5. Pay off your debt. Get rid of debts with high interest rates, such as outstanding credit card balances. This will ease the strain on your wallet and improve your credit rating. When your debit is paid of, try to save the money that would have gone to the payments every month.
6. Take a second mortgage. If you can’t get the five percent or more together for your down payment, you may be able to get a “Piggyback loan” to cover what your first mortgage doesn’t.

Can I buy a home with damaged credit

Bankruptcy filings are at an all time record high. Many consumers have amassed large amounts of debt and have gotten behind in their bill repaying ability. Many think that there is no way they could qualify for a home loan how ever this is no longer necessarily true. A poor credit history, while unfortunate, does not eliminate the possibility of obtaining a mortgage loan. Many people have experienced credit problems over the past several years. In response to the growing number of potential home buyers with credit problems several lenders have now made available loan programs to assist those individuals with getting back on track with their credit profile. Lenders today have helped thousands of people with credit problems get into a home that they thought they could never qualify for. What bad credit does is impact the rate that you are going to pay and the amount of equity that you will have to have in the property. A few credit blemishes will slightly raise your interest rate over the current rate. Mortgage professionals are not qualified to advise you on correcting your credit. A legal professional or someone specializing in that field should handle this. However, many times, due to common last names, or an error of one number on a social insurance card number, credit files can be merged inaccurately. You should request a credit report to better prepare you before applying for a mortgage. That way if there are any errors you can work on correcting them before completing an application.

Fixed vs. Adjustable

Fixed rate Pros-

- Your mortgage payment and interest rate stays the same for the length of the loan.

Fixed rate cons-

- You will pay a higher interest rate so the lender will commit to lending you the money for a fixed period of time.
- If interest rates fall significantly, you maintain your current rate.
- There are sometimes prepayment penalties on fixed rate mortgages.

Adjustable rate pros-

- Your interest rate is lower which may allow you to qualify for a higher loan amount.
- Your principal and interest payments are lower
- If your loan has no prepayment penalty you can refinance into a fixed mortgage at a later time.

Adjustable rate cons

- It is difficult to budget your bills because your mortgage may change month to month
- If rates rise more then 1 or 2 percent and stay elevated, your adjustable rate loan will probably cost you more then a fixed rate.

How do you prepare a house to sell?

- Doing whatever you can to put your house's best face forward is very important if you want to get close to your asking price or sell as quickly as possible. Short of spending a lot of money, here are several ideas for making your home show better.
- Sweeping the sidewalk, mow the lawn, prune the bushes, weed the garden and clean debris from the yard.
- Clean the windows and make sure the paint is not clipped or flaking. And speaking of paint, if your home was built before 1978, new federal law gives a buyer the right to request a lead inspection. If you think you might have some problems, do the inspection yourself beforehand and make any fixes you can.
- Make sure your doorbell works
- Clean and spruce up all rooms, furnishings, floors, walls and ceilings. It's especially important that the bathroom and kitchen are spotless.
- Make sure basic appliances and fixtures work. Get rid of leaky faucets and frayed cords.
- Make sure the house smells good. Hide any kitty litter.
- Put vases of fresh flowers through out the house.
- Having pleasant background music playing in the back yard will also help set your stage.

Make your home more appealing with these low cost tips

1. Trim the bushes so they aren't blocking any windows or cutting down on light.
2. Buy a new door mat.

3. Put a pot of bright flowers by the front door.
4. Put new door knobs on the front door.
5. Be sure all toys are put away.
6. Buy a new mail box.
7. Upgrade out door lighting.
8. Clean your gutters.
9. Buy new towels.

How Are Pre-Qualifying And Pre-Approval Different?

Pre-qualification is an informal way to see how much you may be able to borrow. You can be “pre-qualified” over the phone with no paperwork by telling a lender your income, your long-term debts, and how large a down payment you can afford. Without any obligation, this helps you arrive at a ballpark figure of the amount you may have available to spend on a house. Pre-approval is a lender’s actual commitment to lend to you. It involves assembling the financial records and going through a preliminary approval process. Pre-approval gives you a definite idea of what you can afford and shows sellers that you are serious about buying.

How Many Homes Should I Consider Before Buying?

Visit as many as it takes to find the one you want. On average, homebuyers see more than 15 houses before choosing one. Just be sure to communicate often with your real estate agent about everything you’re looking for. Don’t jump into the 1st house you see, shop compare and then make your offer.

How To Pull Cash Out Of Your Home

Consider getting a home equity line of credit with your home loan. Credit cards are a good thing, but a Home Equity Line of Credit is even better. A credit card is a revolving line of credit that you use when you need it and make payments only if you use it. But credit cards can come with a high price: Sky-high interest rates. A Home Equity Line of Credit is like a credit card in that it’s a revolving line of credit that you use when you need it and make payments on only if you use it. But, unlike most credit cards the Home Equity Line of credit have rock-bottom interest rates.

Important Readiness Checklist for Homebuyers

1. Do I have a steady source of income (usually a job)?
2. Have I been employed on a regular basis for the last 2-3 years? Is my current income reliable?
3. Do I have money saved for a down payment?
4. Do I have a good record paying my bills on time?
5. Do I have a few outstanding long-term debts, like a car payments, student loans etc?
6. Do I have the ability to pay a mortgage every month, plus additional costs, utilities, entertainment etc?

Listing Agreements aren’t all the Same
If you are selling your home, and plan to list it with a real estate agency, what type of listing contract will you sign?
There are three primary types of listing agreements and each one offers a different level of service, rights, and responsibilities for both the real estate agent and the home seller.

Exclusive Right to Sell Listing Agreement
The Exclusive Right to Sell is the most commonly used listing contract. As its name implies, it gives the agency the exclusive right to sell your property. You pay a commission to the agency at closing no matter who buys the property, even if you find the buyer yourself.
If an agency other than the listing agency sells the home, the listing agency typically splits its total commission with the second agency.

Exclusive Agency Agreement
The Exclusive Agency listing contract also gives a specific agency the right to market and sell the property, but with one big difference-the seller retains the right to sell the property without paying a commission if he sells it to a buyer who was not introduced to the property by the agency.
The Listing agency shares its commission with another agency if the second agency brings a buyer.

Open Listing
In an open listing, no single agency has an exclusive on selling the property and the owner can sell it himself without paying a commission to anyone. A seller can sign an Open Listing with multiple agencies.
If the seller does pay a commission, it’s to the selling agency only. No commissions would be shared in an Open Listing Scenario.

What exactly is an Interest Only Home Loan?
An interest-only loan is one that gives you the option of paying just the interest or the interest and as much principal as you want in any given month during an initial period of time. Interest only loans can be 30-year fixed-rate mortgages or adjustable-rate mortgages.
If you choose to make the interest-only payment, your monthly payment will be lower than it would be with an interest and principal payment. Your interest rate may or may not be lower than a traditional mortgage, but you will have the option of flexible payments. Interest-only loans allow you to control your payment amount and your cash flow in any given month during the interest only period.

Mortgage Brokers Versus Mortgage Bankers
Many consumers assume that “mortgage companies” are banks that lend their own money. In fact, a company that you deal with may be either a mortgage banker or a mortgage broker.
A mortgage banker is a direct lender; it lends you its own money, although it often sells the loan to the secondary market. Mortgage bankers (also known as “direct lenders”) sometimes retain servicing rights as well.
A mortgage broker is a middleman; he does the loan shopping and analysis for the borrower and puts the lender and borrower together. Many of the lenders through which the broker finds loans do not deal directly with the public (hence the expression, “wholesale lender”).

How Landscaping Will Improve the Value Of Your Home

Landscaping isn't just about good looks -- it can increase the value of your home, make it sell more quickly, and even reduce your energy bill. The right landscape can increase the value of your home by 15 percent, allowing you to recoup 100 to 200 percent of your investment, according to the Association of Landscape Contractors of America. And if you're selling your house, or know you will be in the near future, a good-looking landscape is a contributing factor to good curb appeal because it is one of the first things a prospective buyer will notice. A 1998 study conducted by the University of Florida reveals that attractive landscaping makes a home sell faster. That's not all. The U.S. Department of Energy says landscaping is the best long-term investment for reducing heating and cooling costs. And according to the American Public Power Association, landscaping can reduce air conditioning costs by up to 50 percent. American Forests has developed a way of measuring energy conservation benefits from tress, and reports that trees can reduce temperatures by as much as nine degrees Fahrenheit. A single urban tree can provide up to $273 a year in air conditioning. Remember that quality, not quantity, will enhance your landscape. With a little careful planning and effort, it's relatively inexpensive and easy to reap the rewards of landscaping your home.