

## **Availability of Financing**

There are many financing options available for homebuyers. The three types most commonly used are third party financing, seller financing, and assumption of existing loans.

Third party financing is available through commercial banks, savings and loans, mortgage companies, mortgage brokers, credit unions, and government agencies. Be sure to shop around for rates and terms with third party institutions, as they can vary widely.

In seller financing, the seller agrees to accept a portion of the purchase price as a down payment and allows the buyer to pay the remaining purchase price over a period of time. A third financing option is assumption of a loan, in which the seller transfers the loan to the buyer. This is advantageous when the original loan carries a low interest rate.

When shopping for financing, there are several factors you'll want to consider. Ask for a written estimate of all fees and charges such as application fees, credit reports, origination fees, appraisals, and closing costs. Ask about the annual percentage rate, or APR, for your loan. By law, lenders are required to disclose the APR.

## **Benefits of Multiple Listing**

The Multiple Listing Service, or MLS, is a computerized network of homes for sale in a region. The homes are listed on the MLS system by a listing broker who is under contract with the seller to sell the property in exchange for commission. Coldwell Banker Schweitzer Real Estate professionals have access to the network.

Use of the MLS will give a buyer access to a wide variety of homes in a particular area. It describes their characteristics, price, and other features. The buyer's requirements can be entered into the system and matched with a list of homes that fit a particular criteria. For more information about the MLS, contact Carol Paton.

## **Buying a New Home**

New homes combine the exhilaration of a space customized with your color and amenity preferences with the satisfaction of low utility costs and responsible consumption through energy efficient insulation and appliances. Another plus is the reliability of your new home's equipment. In the unlikely event that something breaks down, repairs are usually covered by builder's and manufacturer's warranties for a full year.

Remember, as you view model homes, ask what's included in the standard package, and what's considered an "upgrade." Model homes usually feature upgraded flooring and wall coverings, chosen to enhance the attractiveness and durability of a home that'll withstand high traffic flow from potential customers. If your budget requires you to choose between standard and upgrade options, select those which increase the practicality and beauty of rooms you'll use frequently rather than ones you'll use less often.

One last note: don't forget to ask the builder if you'll be assessed special fees for new water and sewer lines. The cost of these is sometimes passed along as "impact" fees. Depending on your community and builder, these fees may be negotiable.

To learn more about purchasing a new home, Call Carol Paton.

## **Buying an Older Home**

Older houses can captivate you with charm, intrigue you with a sense of history, and dazzle you with architectural brilliance. Before you invest in one of these treasures, though, you should review the property carefully. It's easy to determine some updates; you'll notice updated kitchen and bathroom appliances quickly. Some necessities are hidden within the structure of the home, but are vital to your family's safety.

When you consider purchasing an older home, have a plumber determine whether the pipes are contributing to unsafe lead levels in the home's drinking water. Older paint can also be lead based, and is extremely harmful to children. There's also a danger of lead paint dust being inhaled while walls are being modified. You may consider having older homes insulation evaluated, as well.

Keep in mind, modern homes are more likely to have air-tight window and door seals, but these features can be added to older homes, usually at a reasonable cost. You might consider purchasing a home that's already fully or partially renovated, or even one without any recent improvements.

For more information contact Carol Paton.

### **Can I Buy for the Same Money as Renting?**

As the cost of renting increases, some people may find buying a house to be comparable to or less than the cost of renting. The monthly payments for buying a house will depend on the amount of the loan, the interest rate, and the insurance. Please contact Carol or Kevin Paton for information about buying a home versus renting.

### **Checklist for Buying**

Buying a home is probably the largest, single investment you will ever make. Therefore, it is extremely important that you consider a wide number of factors before making a decision to purchase a home.

The first concerns should be financial considerations regarding the home and the financing arrangements. For instance, evaluate the home as an investment, considering the investment's appreciation value, tax benefits that may apply, what growth your equity will have, and what features the financing agreement contains.

Is the interest rate a good one?  
Can you afford the payments without overextending yourself?  
Is the price itself fair for the home?

If you are truly satisfied that the purchase of the home is a sound financial move to make, then consider the home from a personal standpoint.

Is the home spacious enough, both now and in the future if you are starting a family?  
Does the home offer a secure neighborhood, plenty of privacy, and a convenient location close to shopping and work?  
Is it well constructed, or will you need to spend a lot of personal time fixing it up?  
Does it have all the features you need to be comfortable living there for several years?

Carefully considering these and other questions can help you decide on a home that best meets your needs and preferences.

For more information about buying a home, contact Carol Paton.

### **Closing Costs for the Buyer**

Closing costs refers to the money paid to complete the sale of a property. These costs vary from state to state, and sometimes from contract to contract. The buyer usually pays the down payment at closing, less any earnest money already given. Often, the buyer pays for the survey and inspection of the property, loan assumption fees, and a percentage of the loan's interest, called "points," required by the lender.

If a buyer chooses to have legal representation for the negotiation, these fees are also the buyer's responsibility. In some deals, buyers will share title insurance and escrow charges with the seller. In general, the seller will pay for the title survey, as well as taxes or fees from creating the deed, and any termite damage repair.

Some closing costs are governed by law, but most are negotiable between the buying and selling parties.

For a detailed statement estimating expected fees, the buyer should obtain a statement from the lender. Additionally, buyers and sellers can receive an itemized list of closing costs from their attorneys or the firm handling the closing.

For more information on closing costs for the buyer contact Carol Paton.

### **Disposition of Earnest Money**

When a buyer makes an offer to purchase a home, he or she usually pays a deposit to the seller indicating his or her ability to carry out the terms of the contract. This deposit is called "earnest money." If the contract is fulfilled, the earnest money is applied to the selling price.

Real estate licensing laws are specific about the handling of these funds. They must be deposited into a broker's trust account. Default by the buyer on the contract may result in the earnest money being paid to the seller as damages. Because of this, you should carefully understand how the disposition of earnest money will affect your efforts to buy a home.

For more information on disposition of earnest money, contact Carol Paton.

### **Offer and Counter-Offer**

An offer is initiated when a buyer makes an offer to a seller. Serious offers should be in writing and signed by the buyer or the buyer's agent. The offer will be made through the seller's broker or agent, if the seller has one, and it must be specific in its terms, stating the obligations of both parties involved in the transaction. In addition, the offer should include a time limit for a response, usually a few days to a week.

The seller can either accept the buyer's price and preliminary terms or make changes to the original offer in the form of a counteroffer. The counteroffer may agree to the price but not the terms, or vice versa. After the counteroffer is made, the buyer can either agree to the seller's price and terms, make another counteroffer, or go shopping for a different home. Remember that whether or not the deposit is refundable is a matter for negotiation in the original offer.

For more information on offer and counteroffer, contact Carol Paton.