

# 11 Tips to Buying a Home

Provided by Sovereign Realty Advisors



Calico Marketing Preview



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# 11 Tips to Buying a Home

For most families, a home purchase is the largest investment they will ever make. Whether you are looking to purchase a first home or to move to another location, there are a few things to consider before getting started.

Doing a bit of research and following this simple guide can make the home-buying process easier. Here are our 10 tips to making your home purchase easy!

## FINANCES

### 1. Down payments and monthly payments

Most lenders will require a down payment of anywhere between 3 and 20 percent. Certain factors can lower your down payment requirement, such as purchasing your first home, military veteran status, or special deals by loan providers. Most lenders will provide a maximum loan limit based on your cash-flow, keeping monthly payments (including insurance and property taxes) from exceeding 30 percent of your current pre-tax monthly income. If you have fluctuating seasonal income, you may want to consider seeking a lower percentage.

Home ownership also includes costs such as utility bills and occasional repairs. Consider the dollar amount you would be comfortable paying as a monthly mortgage. Your home's mortgage payment will likely be your largest monthly expense, so be sure you're happy with it.

### 2. Check and improve your credit score

Your credit score affects the interest rate of your mortgage. Free credit reports are available once a year from companies such as TransUnion, Experian and Equifax. Sometimes it takes just a few more points on your credit score to get a lower interest rate. If you're suffering from a low score, consider improving it immediately. The easiest way to do that is by always paying your bills on time. Making timely payments for at least six months will improve your credit score. You also need to progressively reduce outstanding debts, especially credit cards and car loans.

Stop applying for new loans, if possible. Your credit score could be reduced by 5 points for six months every time a 'hard inquiry' occurs. This happens when the creditor evaluates your financial situation after applying for a loan. If you are currently managing multiple credit accounts, you may get some extra points, because this proves your ability to handle a few credit types at once.



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## 3. Pause any credit activity

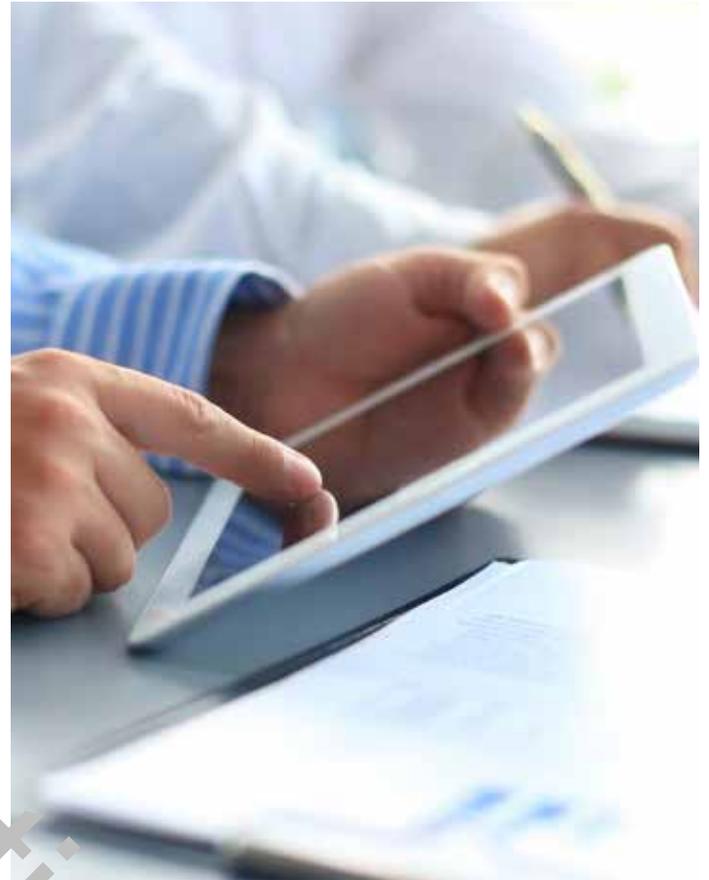
While you are in the process of purchasing a home, halt credit card spending as much as possible. This means waiting to buy that new car, clothing, or furniture until after the purchase of your home has gone through and is finalized. Lenders frown on excessive credit use, and may hike up your interest rate just before the loans are finalized.

## 4. Talk with mortgage loan officer

Before applying for a mortgage, consider consulting with a loan officer to discuss your available options. Compare these options based on the current interest rate, which will affect your monthly payment. Lower rates are associated with good credit scores. After you agree on the interest rate, ask the loan officer to calculate the monthly mortgage payment. Request that they include all potential expenses, including estimates on taxes, PMI (private mortgage insurance), and interest rates. Also, inquire about closing fees associated with the loan.

## 5. Get a pre-approval letter

The process of buying a house is faster if you secure a pre-approval letter. This letter tells lenders about your financial ability to buy a home. It is a great indicator of your ability to purchase the house, and may be the defining factor between accepting your offer over a competitor.



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## LOOKING FOR A HOME

### 6. Choose the right type of property

Choosing the right property for your individual needs depends on your situation. Condos and townhomes are popular for people who want as little maintenance as possible. These communities often include roof repairs, landscaping, and exterior maintenance in the HOA (home owners' association) fees. They are also likely to have the most attractive amenities, such as shared swimming pools, tennis courts, playgrounds, fitness centers, a laundry room, security, extra parking, and more. With their increased privacy and space, single-family homes are the most common type of home chosen by buyers. Some communities may have as many amenities as condo/townhome associations.

### 7. Choose the best location

Here is the tricky part: often, the biggest and most affordable homes will be in the least desirable locations, while prime areas will have smaller and more expensive homes. Consider what commute time you are the most comfortable with, and, if you have children, check out schools within that radius. In many cases you will be able to find a community or two that fit your criteria. If not, you may have to increase your commute in favor of a particular neighborhood, or reconsider your housing preferences to better afford homes in desirable areas.

Also consider the distance of your home to the nearest supermarkets, shops, grocery stores, and hospitals. Search online to find the crime rates in the area.

### 8. Search online

If there are hundreds of houses for sale in the local area, it can be daunting to visit each one. However, by searching online, it will be much easier to accomplish. Check the local multiple listing service (MLS) to get information about a house. A great thing about searching online is that you can use the filter option to narrow down your selections, even down to certain neighborhoods.

Some home search websites have mobile apps, which can be helpful as you are on the road, going from house to house. Check whether your local home search websites offer these apps. Bear in mind, however, that you will have to contact your real estate agent before planning a tour. After a few trips checking a dozen prospective houses or more, depending on your preferences, it may come down to just a few selections. Now you are just one step away from choosing the perfect house.



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## 9. Check out the neighborhood.

If you are struggling to choose between a few good houses, the condition of the neighborhood could help to make the selection process easier. Check the neighborhood both at night and during the day. Newer areas will have wide sidewalks and well-lit streets, but older neighborhoods may have an old-fashioned feel. Tidy, well-kept properties indicate that the homeowners take pride in their homes. Do your research about the crime rate in the area, and find out whether there's a strong sense of community where neighbors help one another out.

## 10. Judge the condition of the house

All of the many components of a house must function properly. Make sure that the air conditioning and heating systems are working properly. Use your senses to spot bad smells, or floor and lower wall stains, which may indicate water damage. A thorough home inspection should spotlight any major issues. Also make sure that the house matches your future goals. The size of the house should help you to anticipate the future growth of the family.

The location of your new home should suit your needs and the needs of your family. Be on the lookout for any potential problems, such as small debris and standing water. If there's a large tree nearby, make sure it won't endanger your house during stormy weather. Keep your eyes open to any problems that could affect the value of the home, or that could cost you money.

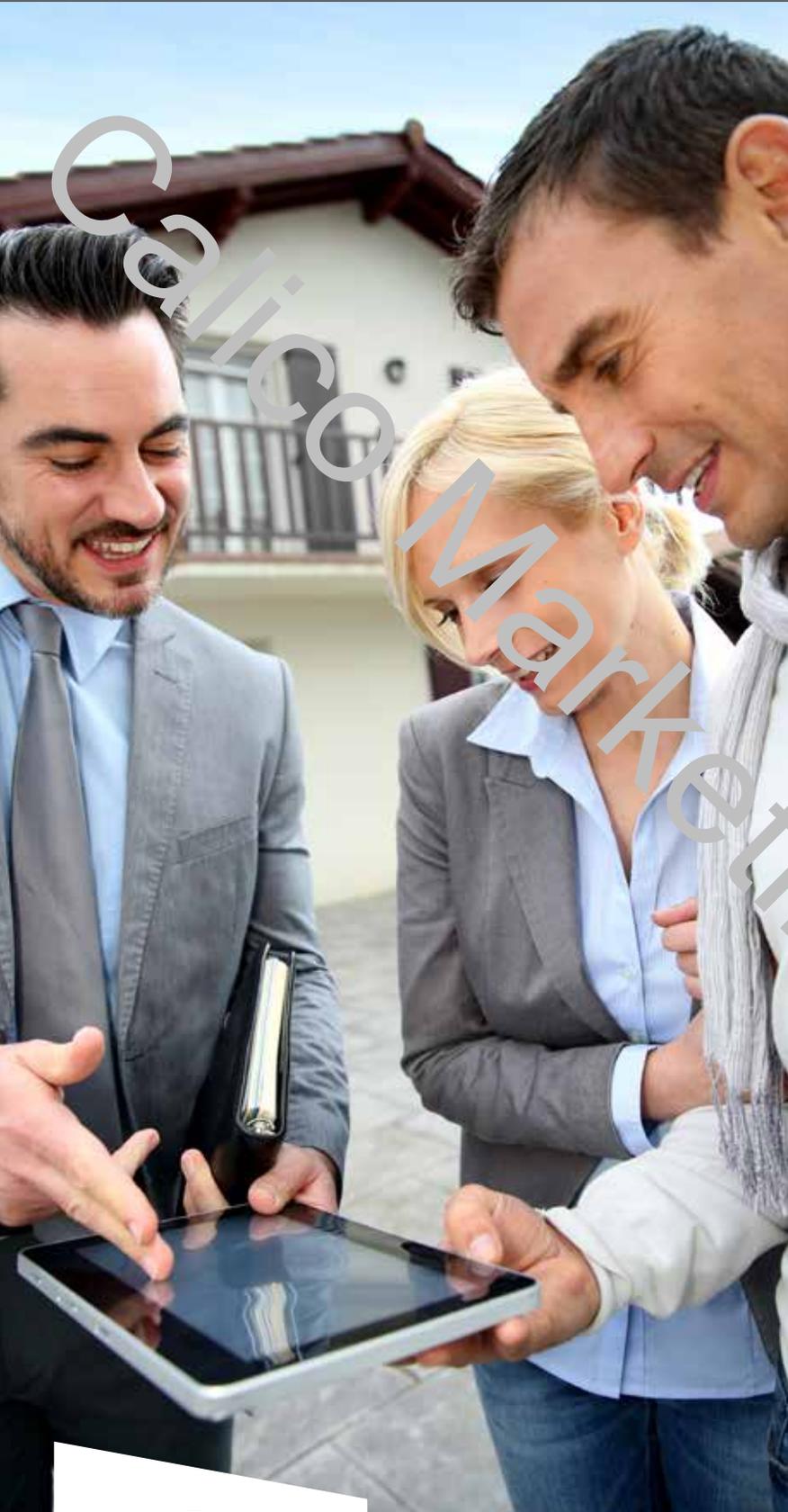
When searching for a new home, there are many things to consider, and doing your research can help save you time and money, and help you find the perfect home for your family.



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## 11. Find a real estate agent

It's difficult to do these things alone. If you're faced with the complications of buying and/or selling your home, consider finding a real estate agent to guide you through the process.

When it comes to helping home-buyers, we can provide guidance, property valuation, comparable homes to estimate fair market value, and more. Sovereign Realty Advisors can provide a full range of buyer services to local, national, or international clients. If you need help finding potential homes that fit your needs and desired price, we have the expertise to support your search.

## WHETHER IT'S NOW OR LATER SOVEREIGN REALTY ADVISORS IS HERE HELP YOU PURCHASE A HOME

We love helping buyers find their dream homes. Start your journey with us, and we'll make it as smooth as possible. Our local experts will find your match. Whether you require a search for price reductions, new listings, luxury homes, or foreclosures, our agents will discover the best available listings for your needs.

Buying a home can take a lot of time and effort. Allow our experts to guide you on the path to getting the best house for your lifestyle and budget. Our local gurus will make the buying process manageable, and give advice on getting the best deal for your needs.

Our buyer services include...

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- Property tours
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