



“On The Money Report”

By Steve Pomeranz, CFP

Host, *On The Money!* WXEL 90.7 FM

6 Tips For Buying A Home

By David Levin

The market has changed. Sales have slowed, prices are dropping and inventories are rising. Mortgage choices are too numerous to count but harder to get than in recent memory. In spite all of this you have decided to buy a house. It can be overwhelming if you do not make a plan to navigate to the goal of owning your house. Here are some basic tips you can use.

- I. **ASK YOURSELF: “WHAT DO YOU WANT VERSUS WHAT DO YOU NEED?”**
 - √ Prepare an analysis to rank what is a must-have; what is important, or just desirable.
 - √ Include an honest appraisal of time-frame- Calculate whether it’s better to rent or buy. See below for website calculators to help you
 - √ Consider the school district- even without kids; it makes selling easier

- II. **DETERMINE WHAT YOU CAN AFFORD**
 - √ See the Calculators below to help figure out your financial ratios
 - √ Typical ratios are 28% ; Income should be no more than 28% of PITI (Principal, Interest, Taxes and Insurance Expenses)
 - √ All debt payments should not exceed 36% of overall income
 - √ Use these ratios to determine whether you should buy or rent
 - √ Check credit and clean up outstanding issues

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III. FIND A LENDER

- ✓ Work with a bank or highly reputable Mortgage Broker that is recommended to you. (upfront on fees)
- ✓ Review options for a mortgage and CHOOSE CAREFULLY
- ✓ Fixed v Adjustable
- ✓ 15yrs v 30yrs
- ✓ How much to put down (20%?)
- ✓ Get pre-approved before shopping

IV. GET PROFESSIONAL HELP

- ✓ Real estate attorney to assist in contracts and possibly for title work
- ✓ Real estate agent (consider a buyers broker) to match your needs
- ✓ Interview a few, let them convince you they are best for you: personality, knowledge, accessibility, commitment, professionalism
- ✓ Hire your own house inspector to look over house
- ✓ Discuss Insurance with your agent– attempt to get the best coverage at the best price with best agency

V. FIND YOUR HOUSE

- ✓ Be detached, dispassionate, visit and revisit to confirm your initial impressions.
- ✓ Does it fit your needs?
- ✓ Does it fit your budget?
- ✓ Is it a place in which you will be comfortable?



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- VI. **NEGOTIATE THE DEAL** based on research and current market prices for the area
- ✓ Remember that the most recent data can be 60 days old
 - ✓ Contract- include special clauses to protect you (Talk to your attorney)
 - ✓ Mortgage, Inspection, Attorney Review

Web Sites of information and help:

www.FreddieMac.com

www.FannieMae.com

www.hud.gov/buying/index.cfm

www.money.cnn.com/pf/101/lessons/8/

www.Bankrate.com

www.AnnualCreditReport.com

www.nytimes.com/2007/04/10/business/2007_BUYRENT_GRAPHIC.html?ex=1181361600&en=16cfe36d8b297872&ei=5070

Steve

Steve Pomeranz, CFP
“The Investor’s Advocate”
June 11, 2007

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