

Things To Do NOW To Prepare For Buying A Home

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If you're one of the millions who has an eye on 2012 as the year in which you'll buy a home (first or not), here are five things you can do now to put yourself on the right path:

1. Check your credit. Recent studies have revealed that a record high number of real estate transactions are falling out of escrow, and that credit "issues" are a leading cause of these dead deals. Your best chance at catching and correcting score-lowering errors and other derogatory items before they destroy your personal American Dream is to start checking and correcting while you still have time on your side.

2. Do your research. The more rapidly the real estate market changes, the more it behooves smart buyers to study up before they jump in. And now's the time – you can start doing online and in-person research into topics ranging from:

- Target states, cities and neighborhoods. Whether you're relocating or simply trying to narrow down the local districts to focus on during your 2012 house hunt, now is a great time to start your online research into decision-driving factors like tax rates, school districts, neighborhood character and even prices in various areas.

Once you narrow things down and start speaking to local agents, ask them to brief you on the local market dynamics, including how long homes typically stay on the market and whether they generally go for more or less than the asking price, so you can be smart about how you search.

- Real estate and mortgage pros. If you don't already have your pros picked out, now is the time to get on the horn or drop an email or Facebook message to your circle of contacts, asking them for a referral to a broker or agent they love. Then giving them a ring and launch a conversation about whether you and they might be a good partnership.

- Short sales and REOs. Distressed property sales are not for the unwary. If you want to target upside down or foreclosed homes, or are planning to house hunt in an area where many of the listings are described as short sales or foreclosures, get educated about what you can expect from a distressed property purchase transaction before you get your heart set on a short sale.

- What you get for the money. Online house hunting is a powerful tool – especially when it's cold and wet! But there comes a point in your house hunt where you've got to just get out into the actual physical homes you're seeing online in order to get a strong, accurate sense of what home features, aesthetics and location characteristics correlate with what price points.

- Mortgage musts. You can read a bunch of articles about mortgages and get yourself pretty far down the path toward qualifying for a home loan, but you can only get a personalized action plan for a smooth road 'home' by talking with a local mortgage broker and having them assess your basic financials. They might say you need to move funds around, pay a bill down or off or produce some sort of documentation from your employer. And the time to start all that is now.

3. Fluff up your cash cushion. So, you've saved up your 3.5 percent down payment. Perhaps you saved a little extra for closing costs. Or maybe you're even one of those uber-aggressive

20-percent-down-ers. No matter how much you've saved, you'll find that you could use more once you activate your home buying action plan. After closing you'll crave extra cash to do some repairs, upgrade a couple of things, buy appliances or even just to hold onto in order to minimize your anxiety about depleting your savings!

4. Shed some stuff. Sell it. Donate it. Give it to relatives who've always coveted it. Just get rid of it. Clear that physical clutter, create space and prepare for your move in advance.

5. Sit very, very still. Sometimes, the best way to further our goals is to stop tripping ourselves up. In that vein, commit right now to refrain from making any major financial moves until you buy your home. Don't quit your job to start that personal chef business (yet), don't pull a bunch of cash out of your savings account (without getting clearance from your mortgage pro first), and don't start buying cars and boats on credit.